Japan: Takeshita puts action into words for US visit, Page 20

No. 30,435

Tuesday January 12 1988

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World News

postpone provincial elections

The Philippine Government postponed local elections in 10 of the country's 73 provinces amid fears of a bloody final week to a campaign that had already left 70 people dead. Elections will be held up to three weeks later in the 10 provinces. Page 4

British Government regroups its forces

The UK Government moved quickly to regroup its forces in the House of Lords and to make the House of Lords and to make confident claims about its legis-lative plans following the resig-nation on Sunday of Viscount-Whitelaw, deputy to Prime Min-ister Margaret Thatcher, on health grounds. Fage 20; Back-ground, Page 6

EC jurisdiction test A crucial legal battle was set to begin in Luxembourg aimed at testing the jurisdiction of the EC outside the boundaries of,

the 12 member states. Page 2 Italian flight chaos

Italian air travellers suffered fresh chaos as a strike by Ali-talia staff grounded nearly half the national airline's scheduled flights and a stoppage by str traffic controllers disrupted flights in and out of Rome by foreign airlines.

Moscow eases curbs Immigration into West Germany

Baltic negotiations

The Soviet and Swedish prime ministers opened talks in Stockholm and said they were hope ful of settling a 19-year-old dispute over territorial waters in industrial relations.

TELEDYNE I industrial group has launched a \$600m hostile takeover offer of Stanadyne, manufacturer of precision metal parts for the plumbing and submodule sectors. Page 21

TELEDYNE I industrial the Baltic Sea.

Greek and American negotiators began a second round of 21 talks in Athens on the future of RENADLT, French state owner US military bases in Greece with Greece again linking the talks with the Issue of Cyprus and Greek rights in the Aegean.

Economists' plea

Some 72 Belgian economists published an appeal to the country's next government to give top priority to cutting unemployment now running a nearly 12 per cent of the work-

Peru seizes milk

Peruvian authorities, in a campaign against epeculative hoarding, fined a local subsidiary of Swiss multinational Nestle almost \$45,000 and confiscated more than 3m tins of evaporated milk they said the company was hoarding

Kampala bomb blast

A Libyan diplomat was killed and five people, including a French cultural attache, were injured in Kampala in an explo sion which a rebel group said was aimed at the Libyan "ter-rorist" presence in Uganda.

iran accuses fraq

Iran accused Iraq of firing chemical shells at Iranian positions on the northern war front and injuring several soldiers.

Arctic concord

US Secretary of State George Shultz and Canadian External Affairs Minister Joe Clark were poised to sign a new Arctic co-operation agreement. Page 4

Soviet poll plan Plans for multiple-candidate

elections to the Supreme Soviet were being considered, Tass said.

Activists detained

Two US human rights activists e removed by pelice from a Narrobi courtroom and detained for seven hours when they tried to watch an inquest on a men who died in police custody.

Companies

Business Summary

Philippines Sony to

STERLING DRUG, US pharma-centicals group which faces a \$4.20n hostile hid from F. Hoff-mann-La Roche, is suing the Swiss drugs company and its directors for allegedly-breaking US disclosure and insider trad-ing laws in its offer Page 21 WALL STREET: The Dow Jones industrial average at 2pm was up 3.64 at 1.91495. Page 44

LONDON: The market stood up well to Friday'e heavy fall on Wall Street, rallying from a substantial mark-down in early substantial mark-nown in wary dealings to close with a loss of only 13.2 on the FT-SE 100 index at 1,760.2. Page 40

TOKYO: The steep slide on Wall Street on Friday dragged down high-technology and other issues in Tokyo yesterday. The Niklori average closed 294.13 down at 22.578.43. Page

DOLLAR closed in: Landon at DM1.6370 (DM1.6505); FFr6.5250 (FFr5.5725); SRr1.3375 (SFr1.3495); Y128.15 (Y129.05) Page 33

TELEDYNE, Los Angeles based industrial helding company, increased fourth quarter profits to \$168.8m from \$47m a year curier, largely due to the sale of its stake in Kidde. Page 21

sale of its car rental subsidiary Europear to Compagnie Interna-tionale des Wagons-Lits, Bel-gian-based railway alcoping cus company. Page 22.

SALES of Japanese equiles by foreign investors rose 88 per cent last year to a record Y7,189.7bn (\$55.4bn), mainly due to a rush of sales after the October stock market crash Page 24

AN IRANIAN delegation is visiting Tokyo for unofficial talk with the Japanese Government and oil company represents tives following reports that Ira be cut by 33 per cent this year.

BLACEWOOD HODGE, major UK distributor of heavy earth-moving equipment, is to pay up to \$16.5m for Florida-based Linder Industrial Machinery Company, its fourth US acquisi-tion in just over a year. Page

CIM INTERNATIONAL, UK project management company, is negotiating to build a vegeta-ble causing plant in China's Habel province which could

produce £80m (\$146m) in coun tertrade business over the nex as over the nex five years. Page 5 ELLIS & EVERARD, UK chem

cal distribution group, increased profits 24 per cent in the six months to October 31, helped by a 32 per cent increase in US sales. Page 28 NIGERIA is negotiating 222.3m (\$40.6m) EOGD credi with UK merchant bank Mor gan Grenfell to finance comple-tion of a British contract to pro-vide water supply to 40 areas in Nitras State

CHASE MANHATTAN SOCHE ties, London trading arm of Chase Manhattan Corporation, has cut 19 jobs in its fixed income department, reducing total staff to 101. Page 24

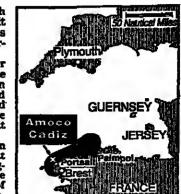
TESCO, UK supermarket chain is withdrawing from joint national pay bargaining with other retailers to pursue an independent strategy.

Amoco ordered to pay \$85m for oil-slick disaster

A US FEDERAL jodge yester day ordered Amoto, the US oil morthern French coastline. The ship ordered Amoto, the US oil major, to pay damages of \$55m ship drifted after its rudder to 100 claims at inclinding broke and foundered on rocks and officers in complement of 100 claims at inclinding broke and foundered on rocks within two miles of the Britany's constant of the Britany's constant of the Britany's constant of the spread. The united Britany's tourist group, is to begin making VBB. Journal, rideo and spill claim, ages from the tanker's Spanish format, rideo and officers in one passes of the spill claim, ages from the tanker's Spanish britany's tourist made for an oil spill claim, ages from the tanker's Spanish the largest near a coastline. The same looks and decimated the populations of the spill claim, ages from the tanker's Spanish to place and developed by its rivals, stongaide insown Bets mux models.

A US FEDERAL jodge yester—

200 miles of beaches along the morthern French coastline. The gent for keeping the tanker as instead of temporarily and the largest instead of temporarily and the judge called it "wildly exagge within the same of the judge called it "wildly exagge that the judge called it "wildly exagge within the same in the judge called it "wildly exagge than the pudge called it "wildly exagge than the judge called it "wildly ex



World equities limit losses as central banks prop up dollar

FT~SE 100 Index

Dow Jones Index

Airbus moves to cushion

effect of currency swings

this new scheme involving a currency basket composed of the D-mark, sterling, the French franc and the dollar, with each

currency accounting for 25 per

cent of a total sale. He claimed such a system

However, he emphasised that

Airbus alone could not adopt such a system and that discus-

mincant soareholder in Fearson with a stake of around 3.5 per cent – presumably another "friendly" shareholder in any future battle to maintain the company's independence following the acquisition last year by Mr Rupert Murdoch of almost 15 per cent of Beauty 15 p

almost 15 per cent of Pearson.

Mr Frank Barlow chief executive of the Financial Times, said yesterday: "Les Echos is a financial newspaper whose reputational newspaper newsp

Les Echos to join FT group

The consortium is also urging the industrial partners to cut evolution of foreign exchange man effort to boost Airbus's competitiveness. Mr Jean Pierson, the Airbus president, said yes

correct on the basis of a sions had been launched with the European consortium's main competitors on this issue.

The Airbus initiative

PEARSON, the information and industrial group which publishes the Financial Times, yesterday agreed to acquire Les Eclos, the leading French business daily newspaper, in a shares and cash deal worth £88m (\$160m).

It is the biggest acquisition so far in the group's strategy of "friendly" shareholder in any

Robert Holmes a Court, the utation and expertise will com-Anstralian businessman, are plement the Financial Times'

advanced stage and an agree pean business community."

ment in principle could come Mr Barlow said last

ment in principle could come Mr Barlow said last night that the French group would be Pearson is paying FF7355m run very much as a stand-alone (\$35.5m) in cash and 7.375m subsidiary and Madame Beyordinary Pearson shares for Les tout had agreed to stay on.

Airbus competitors and major at a time when major aerospace customers to extend the use of manufacturers have been seri-

CENTRAL BANKS stepped into financial markets yesterday to prop up the dollar and to main-tain confidence on share mar-

tain confidence on share markets after last Friday's sharp fall on Wall Street.

The intervention, which was thought to be modest, included most European central banks together with the Bank of Japan, the Bank of England and the US Federal Reserve. It was sufficient, however, to avert a sufficient, however, to avert a major sell-off of the US currency.
Predictions of another major

Predictions of another major fall in share prices, following Friday's '140-point fall in the Dow Jones industrial average, falled to take place yesterday. Although the London share market opened down, by the close of trading most of the losses had been clawed back. Analysts said City institutions markets and strong local suphad, been strong buyers of port for shares, saw share

AIRBUS Industrie, the Euro-

pean sircraft consortium, wants to negotiate its future sircaft

sales on the basis of a basket of major currencies rather than on

ltself and leading sirline com-

Mr Pierson said the European

far in the group's strategy of seeking etakes in financial newspapers in different parts of the world.

The French deal is likely to

be followed by the acquisition of 50 per cent in the Australian Financial Review, Australia's national business daily. Negoti-ations between Pearson and Mr

On Wall Street, trading was active and volatile as the Dow Jones industrial average swung from a 30-point gain at the opening to a more than 20-point loss and then settled to levels little changed from Friday'e sharply lower close. At midsession, the Dow stood 4.65 higher at 1.915.95.

sion, the Dow stood 4.55 nigner at 1.915.95.

The unwinding of substantial arbitrage positions, which had led to heavy programme selling on Friday, had mostly been completed that day and yesterday saw active selling and buying analysis said. ing, analysts said. In Europe and North America

currency trading was calm and described as quiet after the central banks intervened. Any desire to sell dollars was con-strained by what was regarded as modest but well-timed action by the central banks, and dealhad been strong buyers of port for shares, saw share ers maintained cautious posishares during the day.

The FT-SE 100 Share Index Closed 13.2 lower (after open-cent lower, while in Amsterdam lower of November US trade figures.

The FT-SE 100 Share Index Prankfurt were about 4 per of November US trade figures.

Rumours of a \$20 hn trade figures.

Rumours of a \$20 hn trade while the FT Ordinary thare and in Paris almost 3 per cent the big fall in the Dow Jones on Continued on Page 20

ously hit by the sharp fall in the value of the dollar.

However, Mr Pierson sought yesterday to play down the impact of the dollar's current weakness on the European con-

sortium, arguing that commer

eial alrersft progremmes involved long cycles of between

20 to 25 years. He added that the average

level of the dollar between 1972 – the year of the first Airbus flight – and the end of last year had been about FF75.50 to the dollar or the current level of the US currency against the france.

against the franc.
Mr Pierson, in a relatively

Continued on Page 20

Both the editor and general manager of the paper, which has a circulation of 80,000 com-pared to the more than 300,000

pared to the more than 300,000 circulation of the FT, would be spending some time in London to see how the FT was run.

Les Echos, a more specialist business and financial paper than the FT, is noted for exclusive stories on French industrial matters rather than its foreign coverage. It will have access to the electronic data base containing the FT's editorial coverage.

rial coverage.

Future possibilities for co-operation include using Les Echos' distribution system in France and printing the FT in Mar-

seilles where Les Echos is printed under contract.

At the end of November 1987
Les Echos group had cash and
short-term securities of more
than FFr100m and the profits
of its core businesses last year
were estimated at FFr77m.

Saudi gives oil discount to top US customers

SAUDI ARABIA has been giv-ing preferential terms to its four major oil customers— Exxon, Chevron, Texaco and Mobil — since October as an inducement to maintain their purchases and as a means of fulfilling its quota under the Organisation of Petroleum Exporting Countries produc-

tion-sharing accord.

The four US majors have enjoyed what amounts to a price discount in the form of an price discount in the form of an increase in the barrel fee paid to them for the joint service operation they perform for the Arabian American Oil Company (Aramco), according to industry executives and market ana

They were commenting on a report in the well-informed weekly newsletter Middle East Economic Survey. Its latest edition says that the American tion says that the American concerns "though invoiced on the basis of official prices for their Saudi liftings, have...(in fact) for some time past been making actual payments on a market basis with final settlement deferred".

The newsletter did not give details but noted that Iran, Iraq

Arabian Oil Minister, came under heavy pressure from the companies in Los Angeles, could prove a heavy blow to Opec's efforts to stabilise oil prices around a central reference of \$18 a barrel.

offered similar incentives by widening the so-called "equity margins" enjoyed by companies that still have a stake in their roducing operations and pro-Continued on Page 20

In practice, other members of Opec such as Nigeria and the United Arab Emirates have

Israeli leaders fear unrest will continue

BY ANDREW WHITLEY IN JERUSALEM

killed near the West Bank town recently by Israeli leaders, a of Ramallah yesterday by a mood of gloom appears to be Jewish settlement leader. His settling over the Government of death brought the toll from the Mr Yitzhak Shamir over how to death brought the toll from the five-week-long unrest in the West Bank and Gaza to at least

The death of 15-year-old Rabah Hussein Ranam was the second time that a Palestinian demonstrator had been killed by a Jewish settler in recent weeks. Last month, under similar cir-

Last month, under similar circumstances, a settler in Gaza
shot dead a teenaged girl.
General Amram Mitzna, the
regional military commander,
said that from initial reports
the shooting, by Mr Pinchas
Wallerstein, appeared justified,
as the settler's car had been
stoned by demonstrators.

Meanwhile, leaflets were dis-tributed clandestinely yester-day throughout the West Bank and Arab East Jerusalem calling for the prolongation, at least until Wednesday, of an unprecedented general strike in

details but noted that Iran, Iraq and Qatar — all members of Opec — had been selling oil below official selling rates agreed by the organisation at the end of 1986.

Exposure of the pricing device, conceded last summer device, conceded last summer after Mr Hisham Nazer, Saudi

territories. The co-ordinated appearance

of the leaflets, signed by organ-isations like the "People'e Comnittees for the Support of the Popular Uprising in the Occu-pled Homeland", represents a significant new twist to the dis-

ing no sign of relenting, as had night.

PALESTINIAN teenager was been confidently predicted until

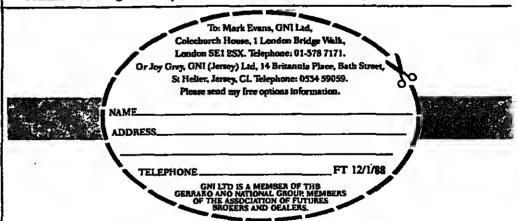
handle the unfolding events. In private, little hope is held out that the latest tactic - collective punishments such as district-wide curfews designed to prevent Arab workers travel ling to their jobs in Israel - will succeed where force has failed.

What particularly troubles the Government is the absence this time of Israel's traditional lines of communication to local Palestinian leaders. During previous periods of unrest, these dignitaries were able to exercise restraint over the young

people at the forefront of pro-Mr Marrack Goulding, the United Nations special envoy sent to the region to examine the situation and look into ways of protecting the Palestin-lan population, yesterday held his first – and possibly only – meeting with a senior Israeli official.

request. It was thus left to Mr Shimon Peres, the Foreign Min-Israel's "iron-fist" policies and called for free elections in all municipalities in the country.

At this Iste stage, considerable uncertainty surrounds how Mr Gonlding, an under-secre-tary at the UN, inteods to implement the mandate he was given by the Security Council. He hopes to visit the occupied territories but his programme With the disturbances show- had still not been arranged last



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distinctly uncertain. But interest in the Traded Options

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DEMOCRATIC BIDS FOR THE HEART

OF A NATION

Gary Hart, Democratic candidate for president, determined to promote his

Western European Union: Defence group falls prey to French determination ______3 United States: California's winds blow Europe's sails .. Technology: Keyboard-shy executives lose their hearts to the friendly Macintosh 12 Management: France puts innovation on

reform ...

of Lords . Lex: Markets; Martell; capital adequacy;

Editorial comment: Mr Takeshita in Washington: The revising role of the House The Soviet Union and Afghanistan: Avoiding the appearance of defeat 19

'vision of the future,' Page 4

Economics: A unique chance for tax

Bonn gains EC support for coal industry aid

WEST GERMANY vesterday got beneficiaries an unfair advanthe go-ahead from the Euro-pean Commission to hand out pean Commission to hand out DM4.15bn (\$1.4bn) of national aid to its coal industry over the

next year.

More than 80 per cent of the package will subsidise German coal prices to bridge the gap between the cost of producing deep-mined coal domestically and cheap foreign imports.

mainly from Australia and South Africa.

German coal costs DM290 per tonne to produce and cannot be sold competitively in Europe without national aid to make up the gap between world prices of around DM95 per tonne. Most of the coal and coke covered by the coal and coke covered by the package is destined for the steel industry. This regular and coke stocks were already annual scheme has cost West German federal and state ber states were expected to fall authorities DM24bn since 1980.
Practically all state aid in the
European Community has to be
vetted by the Brussels authoriamounted to indirect state aid

beneficiaries an untair avoran-tage over EC competitors. Ger-man steel mills consumed 17.5m tonnes of locally produced coal last year, while another 6m tonnes was shipped to other Community steelmakers.

Also included in the scheme are DM337m for social costs in closure areas and DM310m to cover new investment, retrain-ing and rationalisation. The announcement comes a month after West German coal produc-ers and unions agreed to cut output by 20 per cent and shed 30,000 jobs by 1995.

The Commission said yesterday that the package was unlikely to distort free competities to ensure it does not give to industrial coal users.

Pulp producers to test limits of EC jurisdiction

Forest Products.

The applicants were all among the 30 to 40 producers fined by the Commission in 1984 for "concerted practices" in the pricing of bleached sulphate pulp, which is used in the provided the productive of high quality.

but according to the submis-

A CRUCIAL legal battle is set ducers' association FINNCELL, to begin in Luxembourg today aimed at testing the jurisdiction of the European Community outside the boundaries of the Zellerbach, Chesapeake, Meade

12 member states.

The cases in the European Court have been brought Westar Timber and Canadian against the European Commission by a group of American, Canadian and Finnish pulp pro-ducers and two trade associations. The producers were found guilty and fined by the Brussels authorities in December 1984 for allegedly engaging in concerted price fixing in the European market that infringed Article 85 of the Treaty of these companies varied widely

At stake, however, is not just the question of whether the commission should have applied the EC's competition rules to these companies but the much wider issue of the Community's whole extra-territies and the community's whole extra-territies and the community is surjected by many of the community of the community is surjected by many of the community of the community is surjected by many of the community is surjected by many of the community is surjected by many of the community.

Among the parties named in applicants on the so-called today's cases are 12 Finnish "Dyestuffs case" of 1972 companies and the Finnish pro-

US stands firm on tactical N-weapons

By Robert Mauthner, Diplomatic Correspondent

THE US yesterday reiterated its opposition to any inclusion of tactical nuclear weapons in the proposed East-West talks on conventional arms, which are due to be held in a new forum once a negotiating mandate is agreed by Nato and the Warsaw Pact.

Pact.
Mr Stephen Ledogar, the US representative to the European Conventional Stability Negotiations, said in a US Worldnet television link-up with several European capitals that the Torthcoming negotiations should conceutrate on heavy conventional weapons, such as battle tanks, artillery pieces and attack helicopters.
Neither nuclear weapons nor naval forces, which were essential to protect Nato's overseas

tial to protect Nato's overseas supplies in time of war, should be covered by the negotiations, which are scheduled to replace the stalled mutual and balanced force reductions (MBFR) talks

n Vienna.
Though the US was prepared to envisage, in certain cases, the inclusion of "dual capabil-ity" weapons with either a conventional or nuclear capacity, the problem should be approached from the point of view of their conventional role,

wiew of their conventional role, Mr Ledogar said.

Mr Ledogar was optimistic about the prospect of an agreement on a negotiating mandate for the new conventional arms talks "within a reasonably short time." It was encouraging that the Soviet Union had recognised that there were "significant asymmetries" in the strengths of the Nato and Warsaw Pact forces, which had to be ironed out. The final result of the negotiations should be an equal level of forces.

"We do not see it as weakening Nato in any way."

Mr Carlucci was speaking at the end of a two-day stopover in Paris, on his way home from a tour of the Gulf region. During his visit he saw President Francois Mitterrand, Mr Jacques Chirac, the Prime Minister, Mr Jean-Bernard Raimond, the Foreign Minister and Mr Andre Giraud, the Defence Minister

"Our relations with France is a high degree of defence co-

equal level of forces.

However, Mr Ledogar stressed that the MBFR forum should continue to remain in existence until it was virtually certain that the new conven-tional stability forum was "a going concern."

Mr Ledogar also underlined the close structural relationship between the proposed force level talks and the Conference on Security and Co-operation in Europe (CSCE) review meeting in Vienna. Any agreement on a new mandate for conventional arms resolutions was departured.

Pay seen as Swedish growth key

THE SWEDISH economy can be expected to show much lower growth this year if wage demands are not kept in check, warned Mr Kjell-Olof Feldt, the Pinance Minister, when he pres-ented his 1988-89 budget yes-

terday.

Mr Feldt called on the labour force to "show restraint and conclude low wage agreements," warning that high wage costs would lead to tougher competition in the export markets at a time of widespread economic uncertainty. economic uncertainty.

If wages increase by 7 per cent during 1988 and 1989, GDP growth would slow from 2.5 per cent in 1987 to 1.7 per 2.0 per cent in 1901 to 1.2 per cent in 1989, he warned. The balance on the current account would deteriorate to a deficit of

SKr14.2bn (S1.3ba) in 1988 and SKr21.0bn in 1989 — after a surplus of SKr 6.9 bn in 1986 and a deficit of SKr 4.8bn last year — while inflation would continue at a level of 5-6 per

Independent economic anaindependent economic analysis forecast wage increases of 6 per cent to 6.5 per cent in the public sector and more than 7 per cent in the private sector this year, and maintain that Mr Feldt's dream of keeping wage increases to a maximum of 4

per cent is unrealistic.

The wage negotiations have already got off to a thorny start with white collar workers

nies.

Mr Feldt said that if wage increases could be kept down to mould slow 4 per cent, growth would slow to 1.9 per cent in 1988 and 1.7 per cent the following year.
According to this scenario;
inflation could be brought down
to 3 per cent from its 1987 level
of about 5.4 per cent, and the balance on the current account would widen to a deficit of

Would widen to a dericht of SKr12bn.

The financial markets reacted negatively to the budget proposals, which in the run-up to the September general election were not expected to contain any major reforms.

in the manufacturing sector threatening to come out ou bonds rise by 15 to 20 basis education and trainly strike next Monday, a move which could quickly harm the stock market general index social welfare, with Sweden's leading export compa-

Mr Feldt emphasised the need cal and monetary policy to reduce the inflation rate and said that unemployment, currently at 1.9 per cent, would not be allowed to rise.

The Government forcests rependiture of SKr353.3bn and reveuue of SKr341.4bn for 1988-89, giving a budget deficit of SKr11.9bn (or 1.1 per cent of GDP) compared with a budget deficit of SKr14.7bn (1.4 per cent of GDP) in the previous.

Cuts in milk subsidies will help provide more money for education and training, the protection of the environment, and social welfare, with the aim of

Statistics published yesterday showed meanwhile that West

Germany's foreign trade sur-plus last year hit a record DM

115.8bn, up from DM 112.6bn in 1986.

Consumer prices last year showed an average rise of only 0.2 per cent, the Federal Statis-tics Office said. This rise -

Gorbachev

holds talks

with Czech

party chief

MR MIKHAIL GORBACHEV, the Soviet leader, met Mr Milos Jakes, the new Czechoslovak Communist Party chief, yesterday for talks on their countries' domestic and foreign policies, Reater reports from Moscow, quoting Tass news agency.

Tass said the meeting, soon after Mr Jakes arrived for his first visit to the Soviet Union since his surprise appointment last month, passed in an atmosphere of "cordiality, friendship and complete mutual understanding".

The official Soviet agency said the two leaders discussed "a wide range of questions touching on the domestic policies of both parties and states.

Foreign analysts said Jakes's visit could help promote a deepening of economic and political reform in Czechoslovakia on the lines of the restructuring. Mr Gorbachev has promoted in the Soviet Union.

Mr Jakes, who supervised purges in 1969 and 1970 removing from Communist Party ranks tems of thousands of supporters of the reformist "Prague Spring" leadership of Mr Gorbachev's programme could serve as a model for Czechoslo-

Gorbachev's programme could serve as a model for Czechoslo-valcia. He is expected to outline plans for changes in the Czechoslovak Party and gov-Moscow-based East Bloc ans-

Moscow-based East Bloc malysts recently in Prague said Mr Jakes appeared to have emerged as a compromise candidate between Prime Minister Lubomir Strougal, who has spream out for Soviet-style reforms, and Mr Vasil Bilak, the party secretary who has taken a more conservative line.

TINANCIAL TIMES

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US backs Paris-Bonn

dialogue By Ian Davidson in Paris

MR FRANK Carlucci, US Defence Secretary, yesterday warmly endorsed the growing dialogue on defence issues between France and Germany.
"We think that closer co-oper we think that closer co-operation between Nato countries and France in the military area is highly desirable," he said. "We do not see it as weakening Nato in any way."

Mr Carlucci was speaking at

"Our relations with France are excellent," he said. "There is a high degree of defence co-operation between our two countries, and of co-ordination in the foreign policy area."
"We discussed the state of the alliance," he said, "including

Franco-German cooperation. We think the Franco-German dialogue is highly desirable as a way of strengthening the alli-

Mr Carlucci categorically denied that the Soviet-American Intermediate range Nuclear Forces (INF) treaty for the removal of all Euromissiles arms negotiations was dependent from Europe would have any dent on an agreement by the adverse effect on the size of the CSCE review conference on US conventional troop contin-other matters on the agenda.

Kohl backing for Stoltenberg

the most difficult periods in his political career, has also been criticised by officials close, to Mr Kohl for his allegedly poor presentation of the government's tax-cutting measures coming in to effect this year and in 1990.

Mr Kohl also said he expected the Willhald Controller.

Mr Mikhail Gorbachev, the Soviet leader, to visit Bonn before the summer break Mr

MR HELMUT KOHL, the West
German Chancellor, yesterday
threw his weight behind the
controversial plan of Mr Gerhard Stoltenberg, the Finance
Minister, to raise taxes next
year.

within the coalition government, and has also been critidampening further next year's
dampening further next year's
growth prospects.

Mr Kohl put 2 brave face on
momic growth slowdown. Figmres due out later this week
will show growth of about 1.7
the most difficult periods has

Mr Kohl told a press conference Bonn had "no other possibility" but to raise taxes on consumer items like petrol and tobacco next year to reduce government borrowing.

Mr Stoltenberg revealed last week that the federal deficit this year would rise at least DM 40bn (£13.5m), one-third above the projection only six weeks ago. The proposal to increase consumer taxes in 1989 has drawn fierce oppositiou from

Turkey names planning chief

IN A victory for economic tech-IN A victory for economic technocrats in the Government, Mr
All Tigrel, 40, has been made
head of the powerful State
Planning Organisation, David
Barchard reports
Mr Tigrel succeeds Dr Yusuf
Boaknet Ozal, who became Minister of State in charge of economic affairs in the new Cahinet announced two weeks ago.
Mr Tigrel will have a major

Mr Tigret will have a major say in the formation of economic policy and in particular over whether individual projects go shead or not.

He is known to favour lower to the said more cartiform and more cartiform and the said mo

growth and more cantious economic expansion to prevent Turkey rumning into balance of payments difficulties.

Kohl is keen to combine hosting the Krenlin chief with the presidency of the European Community, which Bonn holds until 1986. Pravda gives possible date for Kabul pullout

newspaper Pravda said yester—starting date for the with-day that Soviet troops could drawal could be May 1," he start pulling out of Afghanistan wrote.

on May 1 if an agreement was signed by Pakistan and the US and Pakistan would Kabul administration by the start of March, Benter reports.

The Pravda improviet witness.

from Moscow.

Pravda commentator Mr Vsevolod Ovchimikov said spreements under discussion at several meetings in Geneva in the tan could provide an extra posit
past two years provided for a for the next Soviet-American
halt to US support for Afghan
insurgents.

activities by Moslem redeix

The Pravda journalist, whose
remarks were clearly based on
an official briefing, said a conspleted agreement on Afghanisfor the next Soviet-American
summit - which diplomats
expect for late May in Moscow.

insurgents.

If it becomes possible to sign.
The article famera understandings by time Mosco March 1 - and the Afghan side exact date is by all appearances intending pull-out.

THE SOVIET Communist Party to aim for that - then the

summit - which diplomats expect for late May in Moscow.
The article marked the first time Moscow had mentioned an exact date for the start of a

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Moscow eases curbs on German emigration

BY DAVID MARSH IN BONN

IMMIGRATION into West Ger. Union, and Bonn's policies for ers feel at home at work, in many of ethnic Germans from decades have been geared to churches and in sports organisathe Soviet Union and Community bringing more of them back to tions, on holiday and every nist Europe rose sharply lest the Federal Republic.

Additionally 19,000 people since 1958.

Were allowed to emigrate last to live as Germans among

the Federal Republic of Third

World refusees seeking asymm fell by nearly half.

This contrasting pattern, vided one reason for the fall in revealed in figures from the refusee flows.

Interior Ministry, provides an apt reflection of West German fell to just over 57,000 from immigration priorities.

It also shows how East-West 73,800 in 1985.

Although Mr Zimmermann many shift the immigration hal- indicated displeasure with the many shift the immigration belt indicated displeasure with the ance to favour etinic Germans.

As a result of improved relations between Bonn and 1986 party reflected an agreemoscow, the Soviot Union and allowed 14,500 etinic Germans to leave the country last year, up from only 700 in 1986 and the highest figure since 1950.

Mr Zimmermann said, 'the pressure of refegees on talketened.'

allowed 14,500 ethnic Germans
to leave the country last year,
up from only 700 in 1986 and
the highest figure since 1950.
Mr Friedrich Zimmermann,
the Interior Minister, said
Moscow had oased departure
restrictions for people with
close relatives in the West.
A total of 2m citizens of German extraction live in the Soviet

Hungary to

year to 86,000, the highest Additionally 19,000 people ince 1958. were allowed to emigrate last At the same time entry into year to West from East Germany. while more than 48,000 came

eral Republic has not slackened.
His tones were markedly warmer in another comment on the increased flows of ethnic .Germana:

man extraction live in the Soviet population to make the newcom-

Germans," he said.

The refugee figures show a drop in the number of asylum applications from Iranians, Lebanese and Palestinians. However, 11,430 Turks applied for asylum, up from 8,700 in 1988.

Last year West Germany brought in restrictions, making it harder for third world emigrants to seek refuge.

This was on the grounds that many asylum-seekers were flee-

many asylum-seekers were flee-ing their countries for economic rather than political reasons. The asylum-seekers included a rising proportion of Poles, who topped the list with 15,000 refu-

This reflects the large number of Poles who are entering West Germany without an official emigration permit.

Many are claiming ethnic German status to allow them to take the projection of the Federal

He urged the West German up residence in the Federal

Charter 77 urges protest at Romanian conditions

THE Hungarian government will relinquish control of most

THE Hungarian government will relinquish control of most consumer prices at the end of March, the official news agency MTI said yesterday, Beater people of Romania, to protest can be switched on at the same time to keep a tab on price changes only up to March 31, after which date free prices will be introduced with the exception of staples and some public services," it said:

The movo is the latest of many market-oriented measures to be introduced by Hungary, an East-nian affair but concerns all.

The czechoslovak independent that the temperature in homes and offices rarely reaches 10 degree celsius, no more than two 40-watt bulbs in a home gainst their deteriorating living and the lack of flour, sngar, and meat are practically unobtainable or strictly rationed.

The movo is the latest of many market-oriented measures to be introduced by Hungary, an East-nian affair but concerns all.

The czechoslovak independent that the temperature in homes and offices rarely reaches 10 degree celsius, no more than two 40-watt bulbs in a home gainst their deteriorating living and the lack of flour, sngar, and meat are practically unobtainable or strictly rationed.

Romanian citizens are also degree unknown elsewhere in the Soviet bloc, the statement says.

All the present Romanian.

market-oriented measures to be introduced by Hungary, an East-ern European pathlinder in economic reform.

In its new Econews service inaugurated on Monday, MTI gave details of sweeping price increases this month, part of a government program that also abolishes subsidies and introduces Eastern Europe's first value added tax (VAT):

As of January 1, the price of 53 per cent of all goods and services rose by an average of 162 per cent.

Romania is not only a Romanian says.

Romania is not only a Romanian says.

Romania is not only a Romanian says.

Romanian is not only a Romanian says.

Romanian is not only a Romanian says.

Romanian is not only a Romanian says.

Roll the present Romanian regime has to offer its people after 22 years in power is the personality cult of Mr Nicolae Ceausescu, the President and party leader.

The Romanian Government is popular to fear winter and darkness.

The Romanian is not only a Romanian says.

All the present Romanian regime has to offer its people after 22 years in power is the personality cult of Mr Nicolae Ceausescu, the President and party leader.

The Romanian is not only a Romanian says.

All the present Romanian regime has to offer its people after 22 years in power is the personality cult of Mr Nicolae Ceausescu, the President and party leader.

The recent disturbances in Brasov in which thousands of workers protested against the and social benefits which Communist regimes porolaim to same personality cult of Mr Nicolae Ceausescu, the President and party leader.

The recent disturbances in Brasov in which thousands of workers protested against the "and end to the dictatorship" was prompted by what Charter and carried after 22 years in power is the after 22 years in

Czechs renew attack on Dubcek

A SENIOR Czechoslovak Communist Party official has sharply criticised the Prague Spring of 1968, the movement which attempted to reform the communist system, just a day after Mr Alexander Dubcek, the party leader during 1968, published an interview in L'Unita, the Italian Communist Party daily, defending

his actions.

Mr Jan Fojtik, a candidate member of the Politburo and the Central Committee Secretary for Ideology, had already written last week a scathing attack on the events of 1968 which was published in Hospodarske Noviny, an economics weekly.

However, Rade Pravo, the Czech Communist Party

Czech Communist Party daily re-ran the complete article yesterday. Rude Pravo's decision to

Ende Pravo's decision to re-print suggests that the Czechoslovak leadership was takon aback by the extent of Mr Dubcek's long and dotailed interview, which covered not only the events of 1968 but the eimilarities hetween the reforms of Mr Mikhail Gorbackev, the Soviet leader, and the Prague Spring.

hackey, the Soviet leader, and the Prague Spring.

In what is regarded as an official but ill-prepared reply to Mr Dubcek, Mr Fojtik said he "could hardly believe his eyes, and the arrogance of our right-wing forces, some of whom have risen begun to give us lessons on restructuring."

In his interview with L'Unita, Mr Dubcek saw some hope that Mr Gorbachev would give restructuring a more "concrete approach" in Czechoslowakia.

Mr Fojtik again dismissed

Mr Fojtik again dismissed any notion that the former leaders of the Pragne Spring would be rehabili-tated, an idea which Ende Pravo shot down last week. It would be "unthinkable"

to believe that those people identified with the Prague Spring could return to pub-lic life, Mr Fojtik wrote, clearly in response to Mr "They would like politically to establish, introduce and push themselves for-ward at any costs and as soon as possible." Ian Davidson reports on the European defence body's problems

French check WEU's progress

European Union, the seven-na-tion defence grouping, has come to a grinding halt after little more than three years as a result of apparently irreconcilable disagreement between

France and its six partners.

The revitalisation of WEU was first mooted in 1984, at French initiative, in response both to the Euromissile crisis of 1981-83 and to European anxi-ety over President Reagan's Strategic Defence Initiative

Strategic Defence Initiative (Star Wars) of 1983.

In 1985 the seven governments decided on a provisional plan for npdating WEU's Parisbased operational agencies, whose utility had largely disappeared in the 30 years since the foundation of WEU in 1964. In principle, they also agreed on the desirability of "co-locating" these Paris-based agencies with the Council and its Secretariat, currently based in London currently based in London -though they did not at that time agree on a new single loca-tion. The British government has since then publicly argued that WEU ought to be located in Brussels, close to Nato and

the European Community.
In the event, the provisional two-year revitalisation plan lapsed shortly before Christmas, because of deadlock between France and its part-

essence, France rejected pro-posals, agreed by the other six member states, which would have transferred budgetary resources from Paris to tho London operations, so as to strengthen the Council secretariat, and which would have placed control of the Paris agencies under a British direc-

French recalcitrance seems to have been mainly designed to minimise any changes which might appear to reduce French influence over the institution, or which might jeopardise, by however little, the chance of "co-locating" the two halves of WEU in Paris.

Inevitably, the disagreement places a major question mark over the institutional future of WEU. Mr Alfred Cahen, the Belgian diplomat appointed as Secretary-General to remobilise WEU, is formally taking personal control of the three Pardis-based agencies. These are the Agency for Defence and Security Questions, the Agency for Study of Arms Control and Disarmament Questions, and for the promotion of European Indicated by Disarmament Questions, and



tance of European interests

the Agency for the Development of Co-operation in the Field of Armaments.

But it is hard to see how Mr between France and the other Cahen can combine these duties slx member states are less with his main tasks in London, clear. It is certainly difficult to

reconcile the French attitude, which smacks of a very old-fashioned kind of Gallo-centrism, with the repeated calls by French political leaders of both left and right in support of the principle of closer European ence co-operation.

Only last week, Mr Jacques Chirac re-emphasisod tho importance of the so-called "Platform on European security interests" published by the seven member states of Westorn European Union last Octo-

There is no serious reason to question the depth of the debate in France over the diffi-culty of reconciling the coun-try's commitment to the construction of Europe with a defence doctrine inherited from Gaullist notions of nationalist

But French proposals for reform of defence policy have tended to concentrate on the ides of strengthening France's Germany and most recently with the UK.

The deadlock over the re-acti-

vation of WEU may not call in question the sincerity of the French debate, but it may be a symptom of the difficulty of bringing about a multilateral re-insertion of France Into Europe's defence arrangements.

scrap controls on many prices

The Charter document says to demonstrate."

says.

"All the present Romanian regime has to offer its people after 22 years in power is the personality cult of Mr Nicolae Ceausescu," the President and

Four killed in daring Istanbul terrorist attack By David Barchard in Ankara

NE POLICEMAN has been killed and three other people injured in the most daring terrorist attack in the Istanbul region for many months, raising ears that Turkey may face

revival of terrorism. Istanbul police said yesterday that seven or eight people, said to belong to an unnamed leftwing organisation, had attacked an army depot at Kandira, 150km east of Istanbul, taking hand grenades, pistols, rifles and ammunition.

A shoot-out occurred later when police challenged two taxis which the group had com-

mandeered Attacks of this kind are extremely unusual in western Turkey. A raid on an Istanbul Turkey. A rand on an istantion police station last summer was thought to have been organised by pro-Kurdish guerrillas and there is speculation here that there could be Kurdish involvent in the lettest attack.

To the lettest attack.

I most of central Europe.

So far no-one has tried to jam broadcasts from a satellite, although jamming of regular BBC short wave broadcasts to Poland stopped unexpectedly and language. ment in the latest attack. . . on January I

Eastern Europe picks up **BBC** satellite broadcasts

BBC World Service broadcasts delivered by satellite are being received in Eastern Europe by individuals with their own satollite dishes.

BBC External Services have had direct contact from a group in Poland which has been lis-tening to the 24-hours-a-day World Service on their own satellite receiving equipment, which is not illegal in Poland.

The BBC began using a Entel-sat television satellite to broadcast two channels of radio -the World Service and a compilation of existing programm in 20 different languages.

The programmes are aimed at Western Europe but the satellites deliver high quality medium wave broadcasts to most of central Europe.

Apart from eavesdroppers in Eastern Enrope the BBC's External Service broadcasts are now available in 10 West Euroean countries.

Portugal's biggest private radio station, Radio Renas-censa, last night became the latest to re-broadcast satellite-de-livered BBC radio programmes over its own airwaves

Mr Peter Udell, controller of the BBC's European Services, said yesterday: "Satellite technology has opened up a whole new European audience for us. For the first time we can ensure high quality reception worthy of the 1990s."

Listeners in parts of France, Finland, Greece, Sweden and Switzerland can already hear BBC programmes as part of their local services, and Exter-nal Service broadcasts are also being carried on cable networks in Belgium, Denmark, the Neth-erlands and Norway.

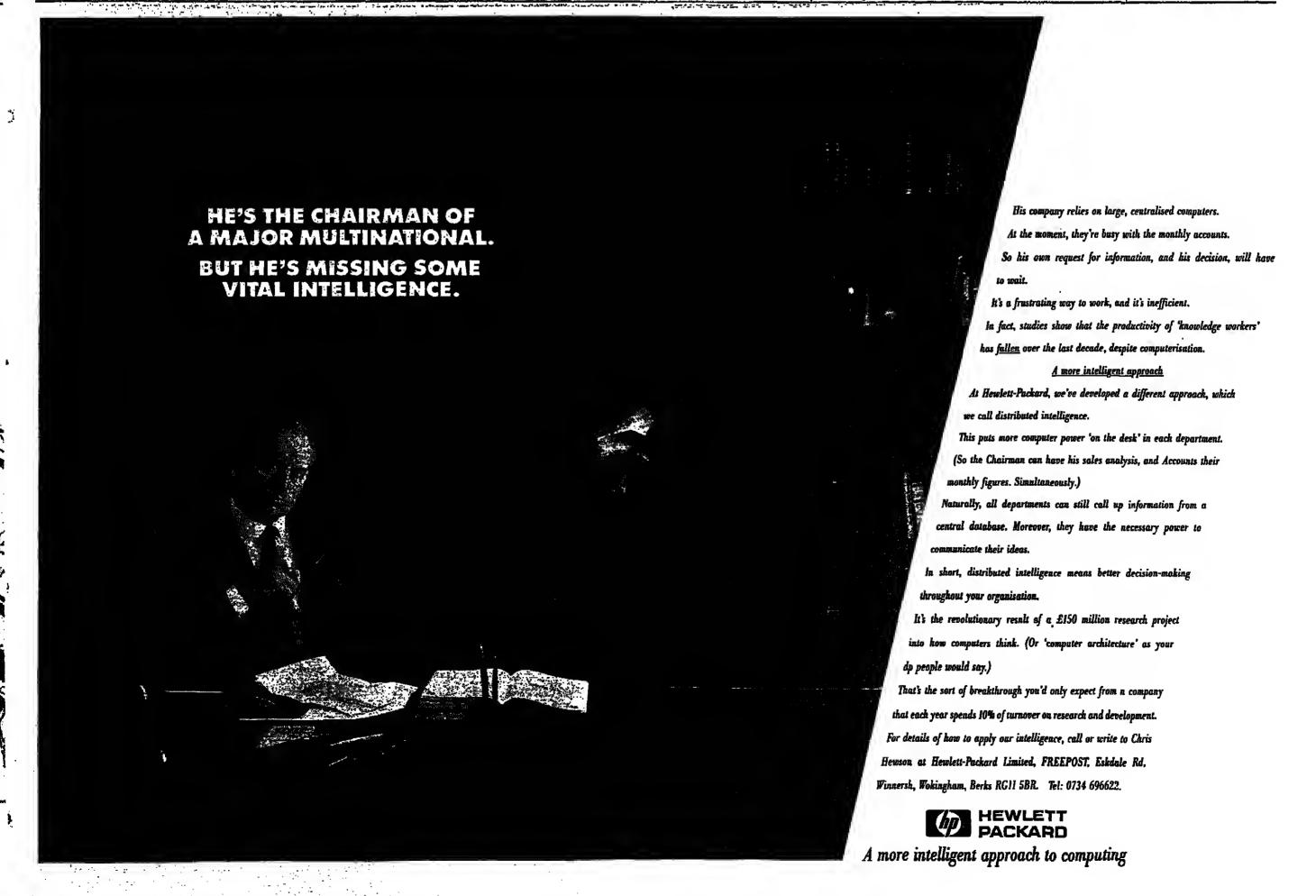
Greece links bases talks to other issues

By Andriana lerodiaconou in

NEGOTIATIONS ON the future of the four US military bases in Greece resumed here yesterday as Mr Andreas Papandreou, the Prime Minister, wsrned that their progress would depend on US help in resolving disputes with Turkey.

"Discussions will continue as long as there is the possibility of linking an eventual agree-ment with the progress and res-olution of pending national issues, and the complete safe-guarding of our national inter-ests, the Prime Minister said.

At the same time a Greek gov ernment spokesman disclosed that Athens informed the US last November of a freeze on all construction projects at the bases for the duration of the negotiations. The existence of an official freeze was not confirmed by the American side. Sources, however, said there have been difficulties



by Egypt yesterday to attempts by conservative Arab states of the Gulf to open a dialogue with Iran aimed at bringing aboot a ceasefire in its seven-and-a-half year conflict with

Iraq.
Any effort by an Arab "Any effort by an Arab state... to mediate to end the bloodshed in the Gulf is an act we bless", President Hosni mubarak told a press conference in Abu Dhabi early yesterday following talks with President Zaid of the United Arab Emirates.

began just the curl of the gulf is an act iraqi attacks against shipping in the Gulf. Baghdad claimed to have struck two vessels off the Iranian coast.

Khark 3, a 280.475 deadwight ton supertanker owned by the National Iranian Oil Company, was hit on Sunday

Emirates.

In endorsing the recent flurry of diplomatic activity directed at achieving a detente in the conflict, the Egyptian leader was commending the initiative by by Syria to defuse tension. He was on the second leg of a tour of member states of the Gulf Co-operation Council.

Ruptured

At last November's Areb aummit conference Syria apposed the move by member states of the GCC, led by Saudi Arabis and Kuwait, to resume relations with Egypt which they ruptured in 1979 following its peace treaty with Israel. Syria's intervention as a diplomatic broker between Iran and the GCC seemed at least until yesterday to have brought about a de facto truce involving a halt to Iraql attacks on Iranian oil traffic and suspension of Tehran's plans for a new ground offensive on the southern front near Basrah.

Libyan killed in Uganda

A LIBYAN diplomat was fatally injured and five people, includwere hurt when a grenade or messes said that the victims were small bomb exploded yesterday waiting to get into the lift when morning in the building housing an unidentified man hurled the ing the French cultural attache, morning in the building housing an unidentified man hurled the their embassies to Uganda, explosive device into the hall-Reuter reports from Kampala. way

The building Embassy House, is in a side street less than 100 yards from Kampala Road, the main shopping street in the city. The French ambassador to Uganda, who was in the building friendship with Libya.

President Yoweri Museveni is a present in Cuba on a six-day at the time, left for home shortly afterwards and army and police at present in Cuba on a six-day official visit.

rial level between Iran and the Mr Mubarak refused to discuss GCC strategy saying: "I am not authorised to talk about the

not authorised to talk about the detail of these contacts."
Yesterday, however, the lull in the "tanker war", which began just after Christmas, was rudely shattered by renewed Iraqi attacks against shipping in the Gulf. Baghdad claimed to have struck two vessels off the Iranian coast.

Khark 3. a 280.475 dead-

Company, was hit on Sunday night, according to Gulf ship-Earlier both Iraq and Iran had reported a naval battle around two off-shore Iraqi oil platforms in the northern end of the Gulf.

Messages

Last week Vice-President Abdel-Halim Khaddam of Syria and Mr Farouq al Sharaa, the country's Foreign Minister, toured GCC member states with messages from President Hafez al-Assad explaining which were believed to have explained lran's possition.

The outcome of the Syrian

Iran's poosition.

The outcome of the Syrian initiative yesterday remained uncertain. Yesterday Mr Sharaa briefed King Hussein on Syr-

ia'smediation efforts.

Mr Mubarak, meanwhile, accused Israei of violating the Camp David accords on which the peace treaty wwith Israel was based and which allowed for the establishment of Pales-The objective was believed to tinian autonomy on the West be a meeting at foreign ministe- Bank and Gaza Strip.

where elections will be held up to three weeks late in an np to three weeks late in an attempt to stem the growing tide of bloody election-related killings.

More than 20 candidates for mayor and over 50 party helpers have been shot dead ince. The office block houses the French, Libyan, Sudanese and West German embassies, Eyewitsince campaigning for the nation's local positions began last December 1. The military described the areas as "very critical".

Victor Mallet highlights the impact of the conflict in Mozambique on neighbouring Malawi Walking a thin line between war and peace

less houses and empty fields by a poor harvest.

With its direct rail links to the Mozambloue's civil war.

On your left is Malawi, and Beira cut by MNR attacks, crowded with people, where the Malawi now conducts most of buildings are still standing and its trade through the distant farmers and shoppers go about South African port of Durban, their everyday business. There it spends a staggering 40 per control of the support earnings on is no fence between the two cent of its export earnings on countries, only an imaginary transport costs for its trade, line, drawn long ago by Europe-putting an extra burden on an

Malawi could not for long escape the effects of the war being waged by rebels of the Mozambique National Resistance (MNR) against the Gov-ernment in Maputo.

The strains of the war are becoming increasingly serious. More than 380,000 destitote Mozambican refugaes have poured across the border into

Manila delays

local elections

THE Philippine government has postponed local elec-tions, due to be held on Jan-

nary 18, in 10 of the country's 73 provinces to svoid violence either among opposing candidates or from communist-led rebels.

The Commission on Elec-tions this weekend added

five northern provinces, all in the Ilocos region, to the expanding list of areas

in 10 areas By Richard Gourtsy in Manila

THE DIVIDING line between Malawi, most of them in the war and peace in Africa can be as narrow and as insubstantial as a road.

South of the capital, Lil-tongwe, Malawi's main road influx in the south has put becomes the frontier with Mozambique for about 40km. On land, on social services, and on your circle street shore, prof.

your right gutted shops, roof-less houses and empty fields by a poor harvest. bear witness to the savagery of With its direct rail links to

ans.

Bordered on three sides by Mozambique and sharing with it a frontier of some 1500km, Malawi could not for land the same time of the same foreign debt obligations.

At the same time Malawi has had to perform a difficult balancing act in foreign relations. As the only African country to have full diplomatic relations with South Africa, Malawi has been repeatedly accused by its neighbours – all left-wing Frontline states and all nsed as trade routes by Malawi – of helping the Pretoria Government to support the MNR.

Mozambican soldiers, taking refuge in Malavi, have their weapons checked by border officials

On the refugee front, Mala-wian efficiency, with the help wait patiently for handouts of the United Nations, appears maize meal and sugar.

of the United Nations, appears to be coping.

At Dedza, between Lilongwe and Blantyre, about half the beds in the crowded district hospital are occupied by Mozambicans suffering from malnutrition, malaria, pneumonia and other diseases.

New ran away from the MNR, says 18-year-old Mr Duncan Gamulani, from nearby the willogs of Kenels.

Nearby the village of Kapela-mula has been all but taken over by the refugees. In a depressingly familiar image of Africa, women and children in mud and straw, says: "We

remain here as any is still on."

Transport is Malawi's biggest headache. In addition to its usual exports and imports it now needs to hand in thousands.

now needs to han! in thousands of tonnes of extra maize to feed the population.

The main lifeline to the south is the road corridor through the Mozanbican province of Tete to Zimbabwe, and on to South Africa. So vital is the roate that Molevil has been revised Zimbabwe, and contract that Molevil has been revised Zimbabwe. Africa. So vital is the route that
Malawi has begun paying Zimbabwe in foreign exchange to
maintain its military protection
for the convoys. Maiawi has
already paid Zimbabwe \$1 m
and will pay at least \$0.5m a
quarter from now on.

Western donors are pouring
in money to restore the railway
to the Indian Ocean port of
Nacals and renovate the harbour itself, but husinessmen are
cautious about the future of the
route and progress has been
slower than expected.

MNR gangs continue to tear

MNR gangs continue to tear up the rails during the night. They have killed several Mala-wian railway workers and some of the estimated 800 Malawian soldiers graviling them

cantiously improved its relations with the Frontline states. They reached a nadir in September 1986 when President Samora Machel of Mozambique threatened to close their common border and ring it with missiles because of what he regarded as Malawian support for the MNR.

Shortly afterwards Mr

Shortly afterwards Mr Machel died in an air crash and the South Africans claimed that they found papers in the wreck-age showing details of a plot by Zimbehwe and Mozambique

Since then, with Mozambique under the leadership of Mr Joa-quim Chissano, tensions have essed and Malawi has committed its troops to the Nacala cor-

The relationship with South Africa, meanwhile, has been under strain. Many disen-chanted Malawians are concantious about the fature of the route and progress has been slower than expected.

MNR ganga continue to tear up the rails during the night. They have killed several Malawian railway workers and some of the estimated 800 Malawian soldiers guarding them.

In the past year Malawi has charted Malawians are convinced that the South African Government, despite its denials, continues to support the MNR and to destabilise the whole region to the detriment of Malawi. "We know," says one senior official in Lilongwe, "that we are dealing with devil."

FEDERAL OFFICIAL ATTACKS QUALITY OF IMMIGRANTS Asia influx irks top Aborigine

AN EXTRAORDINARY attack ister, has spoken of a "comon Asian immigration by one of pact" with Aborigines, and the Australia's most successful Government has formally Aborigines bas unexpectedly recognised for the first time compounded the two most senative issues of the country's nal owners of the land taken by 200th anniversary of white set-

Charles Perkins, the senior civil month that he would be boycot-servant who heads the federal ting all official bicentennial department responsible for functions and supported black Aboriginal Affairs. Virulently protests that they have nothing outspoken on Aboriginal mat. to celebrate in 1988. He was ters, he went even further at promptly condemned by the the weekend by complaining opposition for being divisive, about the quality of immigrants and accused of "theatrical hum-

from Southeast Asia.

His ontburst has surprised those familiar with his views and drawn criticism from the

entered its bicentennial year, a collective purging of guilt over the fate of its indigenous Aboriginal people had begun. Mr Bob Hawke, the Prime Min-

whites after 1788. Mr Hand, in his own surprise The attack came from Mr move, announced earlier this

bug".
Then last week the national teachers' union announced a boycott of school bicentermial and drawn criticism from the Government and opposition. It seems bound to earn him a address the "Aboriginal persebuke from Mr Gerry Hand, his minister, and may jeopardise his chances of heading a to condemn the move, saying new Aboriginal Commission which will replace his department.

Even before the country entered its bicentennial year, a collective purging of shift over

of the past 200 years.

The statistics about the country's 225,000 Aborigines help explain the angst felt by some Australian whites. In terms of our own home-grown crimical country, health, housing, nals."

they are significantly worse off than their white counterparts.

In the past few years, the inexplicable phenomenon of Aboriginal deaths in cutody—more than 100 since 1980—has led to the formation of a Royal Commission which is certain to go well beyond the individual cases themselves.

Now Mr Perkins, an early leader of modern Aboriginal protest, has raised his voice ever immigration, saying the current policy lacked balance in allowing too many Southeast Asians into the country and too few from traditional sources like Italy and Greece.

Peking wary of Soviet invitation to summit

PEKING'S LEADERS are not as leader, suggested last year that fond of summits as Moscow's he would be prepared to meet Mr Mikhaii Gorbachev, and are Mr Gorbachev if Moscow wary of his way of appealing "encouraged" Vietnam to pull

know that Mr Gorbachev has again made a summit offer. But that an official Chinese magathat an official Chinese magazine, Outlook, a forum of reformist thinking, interviewed Mr Gorbachev is a sign of movement on the eastern front. The Chinese Foreign Ministry's standard reply to the summit proposal is that Moscow must hundle "three obstacles" before relations can be regarded as "normal":

The concentration of Soviet

se occupation of Kam-

wary of his way of appealing "encouraged" Vietnam to pull directly to the people to add out. Recent movement on this momentum to his diplomatic issue, and indications that initiatives, although influencing Moscow is prepared to with the Chinese will be more diffidure from Afghanistan have cuit than impressing Americans forced Peking to reassess those raised on a diet of photo opportunities and quotable quips.

Most Chinese do not even know that Mr Gotbachev has

Interestingly, the leader of the Peking-backed Kampuchean resitance coalition, Prince Noro-dom Sihanouk, is understood to be in the Chinese capital. The Prince has not announced his presence and is obviously here to brief and be briefed by Chinese officials on his planned further talks with Hun Sen, the Premier of the Vletnamese-backed Kampuchean regime.

The Concentration of Soviet more potential in Sino-US relations on the Chinese border. In the interview , Mr Gor-The Soviet invasion of because the two countries have a socialist system in common.

Moscow's support for the Peking could be embarrassed by such comradely talk as it is still courting capitalist countries for Peking regards the last obstather their know-how and does not cle as the most important, and want to fuel paranola about Deng Xisoping, the top Peking Communist collusion.

AMERICAN NEWS

Venezuela crackdown on border crime

By Joe Mann in Caracas

THE Venezuelan Government concerned about security problems on its long border with Colombia, is taking steps to supprass kidnappings of wealthy citizens in the area and limit the activities of Colom-bian guerrillas and narcotics

President Jaime Lusinchi President Jame Lusinent recently ordered police and military officials to develop plans for "normalising" the situation on the frontier. The Venezuelan press reported that Venezuelan and Colombian officials had met to discuss joint efforts. These moves coincide with a large military operation by the First and Second Venezuelan infantry divisions to locate

hideouts of drug-traffickers and guerrillas.

Colombian guarrillas, sometimes working with narcotics traffickers, regularly cause problems on Venezuela's side of the border. They killed 18 National Guardsmen in an ambush last June and several wealthy Venezuelan cattlemen have been kidnanged in waart. and guerrillas. have been kidnapped in recent months. Venezuelan officials are also worried that potential kidnapping targets will increase

The deteriorating security comes when Colombian and Venezuelan politicisns are debating the long-standing problem of defining clear problem of defining clear boundaries between the nations. Last August the coun-tries came close to conflict as a result of a naval incident in dis-puted waters in the Gnlf of

their own security and form small private armies.

Security along the border is complicated by extensive cross-border smuggling Large quantities of Venezuelan dairy quantities of Venezuelan dairy products and petroleum are sold for higher prices in Colombia, while Venezuelans buy cheaper Colombian textiles, ciothing and electrical goods.

One Venezuelan congressman, Mr Jorge Olavarria, said that security forces should be allowed to cross the border to pursue those committing crimes pursue those committing crimes in Venezuelan territory.

Mr Jose Ernesto Hurtado, a 72-year-old Venezuelan kid-napped last May by Colombian guerrillas, was released on January 7 after his family paid a ransom reported to be around \$157,000. Several other cartles. \$167,000. Several other cattlemen are still being held by guerrilla groups, presumably in Colombian territory.

Brady proposals unlikely | Canada, to pass Congress hurdles

ns "very critical".

Meanwhile, the military reported that 25 rebeis and three soldiers bad been killed in a day-long battle involving hundreds of rebels last Friday in the mountainous northern province of Kalinga Apayno.

cies in the US Congress and are unlikely to pass into law.

This initial assessment by key congressmen familiar with the report springs from conflicting opinions in the House and Sen-ate on the suggested changes and the pressure of financial legislation already underway. The most important bill on

financial regulation concerns banking reform where congress-men are considering the partial repeal of the Glass-Steagal Act which bas separated banking from commerce for more than 50 years.

the Wisconsin Democrat who chairs the Senate Banking Com-

Unlike Senator Proxmire, Rep John Dingell of Michigan, chair-man of the House Energy and Commerce committee, is unhappy about Brady's pro-posal for the Federal Reserve, the US Central bank, to assume an overall supervisory role in the financial markets.

Referring to the existing roles of the Securities and Exchange Commission and the Commodity Futures Trading Commission, Mr Dingell said: "We already have two cooks in the kitchen, we don't need a third."

THE key recommendations of the Brady Commission report on last October's stock market crash face considerable obstacles in the US Congress and are unlikely to pass into law.

This initial assessment by key the distinctly cool them being included in the Banking Bill.

The wait and see" attitude by Congressional leaders is matched by the distinctly cool them being included in the reaction to the report from the Banking Bill.

White House.
Some Administration officials are unhappy about the Commission of an enlarged sion's suggestion of an enlarged role for the Federal Reserve, while others believe its advocacy of price limits on trading does not make economic or

political sense.
Congressmen have praised the Brady Commission for the speed at which it worked - the report was completed in 60 days - its impartial tone and authoritative narrative of Senator William Proxmire, have two cooks in the kitchen, the Wisconsin Democrat who chairs the Senate Banking Committee, is determined to fashion

Mr Dingell said: "We already events. But the prevailing sentiment of no-action in Washington is only likely to change if there is a further violent drop in the stock market.

US sign Arctic deal

MR GEORGE SHULTZ, US Secretary of State, and Mr-Joe Clark, Camadian Exter-nal Affairs Minister, were yesterday polaed to sign a new Arctic co-operation agreement which sets aside the two numbers conflicting legal rising to control of legal claims to control of the Northwest Passage. Under the terms of the deal, the US undertakes to notify Canada in advance of all Arctic passages by US
aurface vessels and to
respect the terms of the
1976 Arctic Waters Polin-

tion Prevention Act. However, the document contains no statement of US recognition of Canadian aovereignty over the Northwest Passage. Canada maintains that the waters are subject to Canadian sovereignty.

Meese to testify in | Setback to trial of lobbyist

THE ethics of the Reagan tract shortly after Mr Nofziger had left the White House in again this week with the expected opening in Washington of a long-awaited influence-peddling trial.

The 1978 Ethics in Government employees from lobby-

long-awaited influence-peddling trial.

Jury selection began yesterday at the US District Court where Mr Lyn Nofziger, a lobbyist and former top Whito House aide, is facing four fellony counts of improperly lobbying the US government on behalf of a New York defence contractor, the Wedtech Corporation.

contractor, the Wedtech Corporation.

Among the highlights of the
trial will be the testimony of Mr
Ed Meese, US Attorney General:
Mr Meese's links to Wedtech
are the subject of a parallel
investigation by a court-appointed special prosecutor.
Mr Meese is expected to testify about Mr Nofziger's efforts
to help Wedtech, a small South
Brunx defence business, to win
a \$32m, no-bid US Army con-

1982.
The 1978 Ethics in Government Act prohibits former government employees from lobbying their previous employers for 12 months after their depar-

Last month, Mr Michael Deaver, a former senior White House side and friend of the Resgans, was convicted of lying under oath about influence-ped-ding charges. He has yet to be sentenced and is expected to

Two associates of Mr Meese were indicted last month on were indicted last month on charges involving pay-offs for efforts to win the Attorney General's help for Wedtech. The Wedtech case has already ensuared a US Congressman from New York Borough president and several of the company's former top executives.

bank talks with Brazil By Alexander Micoll, Euromerkets Editor THE recent improvement in Brazil's relations with its credi-

creditor

tor banks has suffered a serious setback with its failure to make interest payments due last A meeting was due to begin last night in New York between Mr Fernando Milliet, central bank president, and the country's bank advisory committee to begin discussions on terms for a medium-term loan and rescheduling agreement.

However, bankers said they could not address these until the question of 1988 interest payments had been resolved. This would be top of their agenda. Bankers were hoping that it was simply a misunderstanding which could be easily righted.

Banks have interpreted an Banks have interpreted an interim agreement they reached in November with Braxil to mean that the country, which suspended interest payments to them last February, would keep current in payments to them from the beginning of January.

Stewart Fleming reports on the disruptive appeal of the Democratic presidential candidate-

Mystic Hart lays claim to old loyalties in Iowa

of the rationale Mr Hart himself is presenting to justify his reentry into the race for the Demoratic Party's presidential nomination after dropping out of the campaign last May amid allegations of marital infidelity.

Mr Hart was back in lowa for the first time since rejoining the campaign. His astonial in the since rejoining the campaign and the since rejoining the campaign and the since reports the since r

There is speculation, too, about the motives of this mys-terious man in taking a decision which he described as one of the most painful of his life, and about the impact of his candi-

"WE ought to be worrying about what they are doing for position as the Democrat's front their country, not what they are doing in bed," said Mrs ington Post poll taken on Linda Thompson, a 35-year-old receptionist from the university town of Ames, lowa, as ahe watched former Senator Gary Hart campaigning in the town's main abopping mail at the weekend.

It is a view which echoes part having reclaimed instantly his position as the Democrat's front runner. An ABC News/Washington Post poll taken on December 17, two days after he re-entered the race, showed him once again in the lead with some 30 per cent of Democrats saying they supported his candidacy. Rev Jesse Jackson was second with 22 per cent.

Of possibly greater signifi-

among those who definitely or probably would go to the can-cus elections.

But among those lows Demo-

campaign. His astonishing decision to re-enter the race just before Christmas has triggered interest in politics, Senator waves of speculation about how the voters would respond to a lilinois was rated as front runcandidate who was perceived to have failed the character and judgment tests set by the media for this year's presidential electron. per cent. Mr Hart also had the highest unfavourable ratings among potential voters, a mea-sure of the antipathy falt towards his candidacy by some of those polled.
Some analysts say this suggests that Mr Hart's strength in some polls is a measure of his



Senator Gary Hart campaigning with wife Lee: his re-entry into the presidential race triggered waves of speculation

The ambivalence felt towards Mr Hart by voters who are not committed Hart-backers was about the impact of his candidacy on the race and his party.

The questlous were made more pertinent by polls suggesting that many Americans, parting that many Americans, particularly Democrats, see him as

the cancuses have to spend several hours in a debate on the candidates' merits. Here strong support and a vigorous organisation to get the voters out are the key elements for success.

Mrs Marilyn Moehlmann, a supporter of former Arizona Governor Bruce Babbitt.

Mr Hart, shorn of the hordes of advisers and campaign organisers who accompany

Britain to speed talks on water deal for Nigeria

BRITAIN is to speed up financing negotiations with Nigeria on a contract to provide water supply to 49 areas in Niger state following Mrs Margaret Thatcher's visit to Lagos last

The Export Credits Guarantee Department has already guaranteed a \$141m (£9.4m) ioan for the project, which is being handled by Bywater of the UK. But it has been stalled since Nigeria ran into foreign exchange problems in 1984. In her speech to a state ban-quet in Lagos last Thursday, the British Prime Minister said the project was "important and worthwhile." Nigeria is nego-tisting a further \$22.3m ECGD

credit to finance completion.
This would make it the first of a long list of stalled projects in Nigeria to be revived following the announcement last year that the ECGD was resuming export credit cover to the Babangida regime.

The new loan, which is to be provided by Morgan Grenfell, would fall outside the \$200m Barclays-led credit line announced at the time export credit cover was resumed.
Implementation of this loan has been delayed after Nigeria again fell into arrears on its ECGD debts, but negotiations on documentation have now

being taken by the UK Govern-ment with both Mrs Thacher's Lagos announcement and the Barclays loan is that Nigeria

has now made some payments on its ECGD debt which go part of the way towards making up the arrears, bankers believe. However, the accommodating stance being taken by the UK Government is likely to irritate training and the control of the control uninsured trade creditors of

uninsured trade creditors of Nigeria who are planning a major meeting in London on Thursday to discuss rescheduling of some \$3.25bn in unpaid debts.

The meeting is being held amid signs of mounting opposition to the 22-year rescheduling plan among trade creditors in Japan, West Germany, the UK and Hong Kong.

• Renter reports from Montreal: The Canadian Regional Induatrial Expansion Department said it would provide the government of Nigeria with a loan of C\$100m (\$41m) to purchase 50 locomotives from Bombardier.

A spokesman for the Department said a contract between Bombardier and Governmentowned Nigeria Railways had not yet been signed, but completion was expected soon.

again fell into arrears on its ECGD debts, but negotiations on documentation have now also resumed.

"They've been negotiating with Bombardler for some time. Financing was a condition for sale and we have now covered that."

Japan-UK whisky row 'settled soon'

JAPAN'S Prime Minister, Mr Noboru Takeshitz, told Sir Geoffrey Howe, Britain's Foreign Secretary, yesterday that proposals to solve the long-standing British-Japanese whisky row would be unveiled by June, Reuter reports from

Tokyo.

Sir Geoffrey, who arrived in Japan on Saturday for a five-day visit, held five hours of talks with Mr Sosuke Uno, Japan's Foreign Minister, and had a short meeting with Mr Takesh-

British officials said both sides had characterised the visit as marking the start of a new "dynamic, plain-speaking rela-tionship" between the two coun-

tries. They said Sir Geoffrey had called on Japan to end restric-tions on imports of whisky, a major British export, and said he had pointed out he first raised the issue when he came to Japan as trade minister in 1973.

A Japanese Foreign Ministry spokesman said Mr Takeshita had promised Sir Geoffrey that measures to solve the whisky measures to solve the whisky row would be included in a liquor tax reform package due to be implemented in April 1989. The Japanese premier said details of the package would be announced before the Toronto economic summit scheduled for early June. He gave no details.

INSTALLATION WORK has state's power supply, and Cali-begun on the first of 1,800 fornian utilities are legally fornian utilities are legally wind energy turbines shipped from Europe to California. In what will become the biggest single wind energy project in the world. Comapro Holdings of the world. Comapro Holdings of the world.

European wind turbines have been chosen for the project Berne plans to invest up to since Comapro considers that no suitably sized US-made wind turbines are available. The 33bn over the next three years in installing 900MW of European wind turbines at four locations in California. Swiss company wants to use turbines in the 500-600kW range rather than the smaller negotiated for wind power machines from companies in rated output machines.

In the project's first phase – due to start in early 1988 – machines from Wagner Rotor of West Germany and Villas Styria of Austria will undergo strin-Austria. When complete, the project will almost double California's existing wind power output, which currently atands gent test runs to prove their reliability. When Comapro and

A single Wagner Rotor 330kW

Mark Newham reports on plans for the world's largest single wind energy project

California's winds blow Europe's sails

machine has already been tested at Altamont Pass in Cali-Utilities are legally bound to buy power

fornia and results show that the design can be pushed to produce 600kW under the right wind conditions. Early in 1988, three S00kW Villas Styria tur-bines will be tested at San Gor-

from wind turbines

Once the Wagner Rotor and the Villas Styria machines have proved their reliability to Com-Comapro believes that the its US arm, Aeroelectric Corp, apro, it is understood that up to generate up to 30MW which its US arm, Aeroelectric Corp, apro, it is understood that up to will be sold to local utilities. The inclusion of this system work satisfactorily, contracts world's power supply industry. It has chosen California as the location for its first large-scale will as the location for its first large-scale will also be considered for the project over the awarded to the companies concerned. Tests will also be considered for the project over the succeeding two to three years. The turnkey cost of building and installing each Villas Styria machine is put at \$750,000.

The turnkey cost of building and installing each Villas Styria machine is put at \$750,000.

According to Mr Hans Aebi, off in 1986.

Villas Styria plans to start manufacturing at its engineering plant at Eisenerz, Austria, at the rate of 10 turbines per month while construction of the Wagner Rotor machines will begin next January at the French plant of the West Ger-man engineering company

The project also envisages the inclusion of pumped water storage to make use of power gen-erated at off-peak periods to erated at off-peak periods to fill a reservoir. At peak power periods water will be released through hydro-electric turbines to generate up to 30MW which will be sold to local utilities. The inclusion of this system will maximise the project's income from electricity sales

Bolkow Bichm (MBB) of West while the cost of the Wagner Germany and Bonus of Den-mark.

Rotor machine is put at S230,000.

A single Wagner Rotor 330kW

While the cost of the Wagner Comapro's vice chairman, finance for the project is being sought mainly from Austrian banks which, he says, are enthusiastic about the pros-pects for wind energy projects

The project has 2!ready aroused considerable interest in power supply and wind energy circles. It is understood that discussions are now taking place between Comapro and Britain's Wind Energy Group over a proposed joint venture between the two to enlarge the Wagner Rotor machine to generate up to 1MW.

The outcome of the scheme, and especially the performance of the Vilias Styria machine, is being closely monitored in Austria since Villas Styria is the first product of Austrian privatisation. Owned by Villas-Construct, Villas Styria was formed when the wind energy branch

Portugal sees 25% increase in tourism revenue British tour operators, and Brit- approved six four-star and six

TOURISM in Portugal boomen last year, largely due to a growing influx of British and Spanish tourists, bringing in a total revenue of Esc293bn (£1.2bn), a 25 per cent increase over 1986, Onr Lisbon Correspondent

Contracts are currently being

West Germany, Denmark and

at 1.200MW.

financial services, according to the National Tourism Board. Of the o.lm tourists who visited Portugal last year, 289m were from neighbouring Spain, while l.Im came from the UK. British tourists favoured hotels over other forms of accommoda-

ish investors are taking an active role in developing the region. United Investments Portugal, part of the British-based United investments Group, is to invest Escobn in a luxury tourist com-plex, incuding a five-star Shera-ion Hotel just outside the town

three-star hotel projects, as well as a large five-star hotel complex to be built and managed by Hil-ton International.

Economic analysts say the tourist industry has large growth

However, a new law revising investment incentives in the tourist sector is due to be pub-lished shortly which could change the pattern of tourist development in the country. The new code would involve

reports.

Direct foreign investment in the sector attracted Esc8.8bn, making it the second largest area of such investment in 1987 after

Direct foreign investment in the second largest area of such investment in 1987 after

Direct foreign investment in the commondation over other forms of accommodation.

The main tourist market is along the southern Algarve, an of such investment in 1987 after

Direct foreign investment in the country as large growing potential in Portugal, especially outside the over-developed of Albufeira.

The main tourist market is along the southern Algarve, an of such investment in 1987 after

Direct foreign investment in the country as large growing potential in Portugal, especially outside the over-developed Algarve region. Tourism is still wide open, said Mr William favour projects aimed at developing the interior of the country.

UK company near pact on China canning plant

BY OUR WORLD TRADE EDITOR CIM International, a project countries regardless of its qual-management company based in ity or relevance to the end-mar-Fareham, UK, is in the final ket.

five years.

The plant, to be built by Balfour Beatry at a cost of \$16m, has a projected output of 54m cans of high quality vegetables a year, and will be the largest such export-oriented plant in China.

After it warned the Hubel authorities against constructing a plant to produce tomato paste, a heavily protected product, he said.

As part of the deal, CIM will provide continuing expatriate management advice for the plant to assure quality control.

CIM, which is active in food marketing as well as project management, will purchase the entire output and arrange distribution internationally.

Proceeds will go to pay off a producing cans.

loan which China is arranging to finance the plant. This will tariffs on canned vegetables, amounting to 22 per cent in the be a conventional Export Cred-(ECGD)-backed loan with a guarantee from the Bank of China and provided through Scandinavian Bank and Credit Financing for the deal had to

its output would be market-led.
This contrasts with many countertrade arrangements where importers are expected to take on product from developing its now considering move into this sector. Were it to do so, bank financing for countertrade deals would be much easier to obtain, Mr Wright said.

stages of negotiation for a vege-table canning plant in China's the project, which will produce Hubei province which could canned ratatouille, asparagus, produce some £80m in counter—mange-tout peas and broccoli, trade business over the next after it warned the Hubei

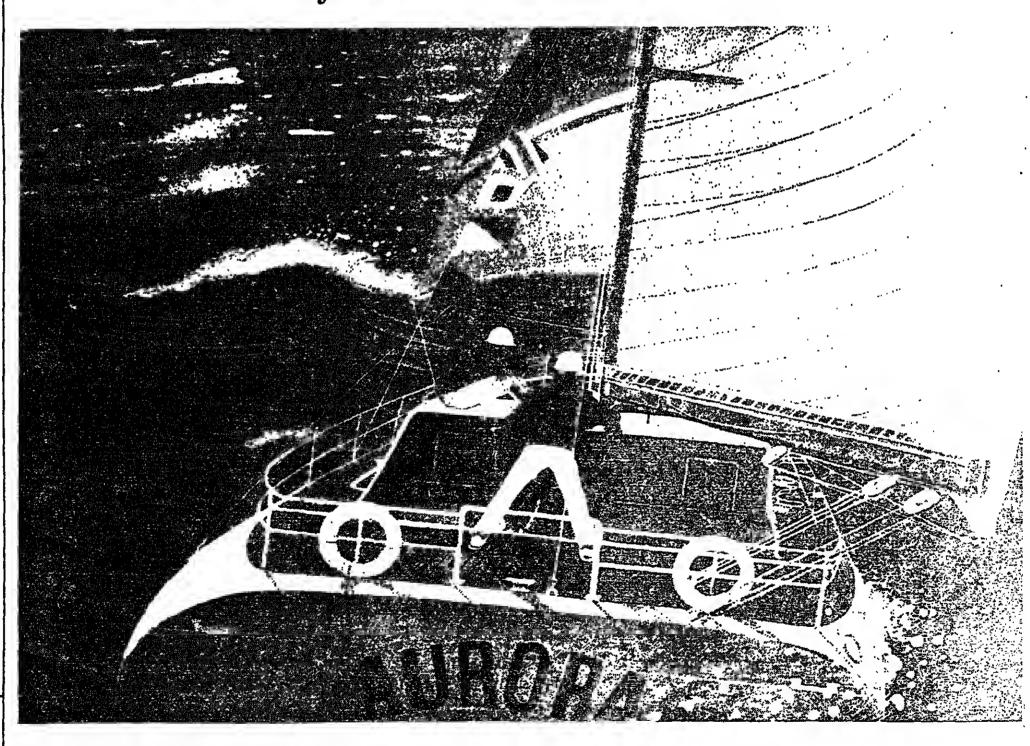
> plant to assure quality control and maintain EC and US Department of Agriculture health standards. Under the countertrade arrangement, it will also provide vegetable seeds and the raw materials for

Guarantee Department case of the EC, CIM believes the

Financing for the deal had to take the form of a conventional Agricole.

Mr Paul Wright, CIM's managing director, said a feature of the arrangement would be that take the form of a conventional export credit because the ECGD has not yet agreed to guarantee countertrade transactions.

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Norwegians win contract to insure oil platform

VESTA. Norway's second largeat insurance group, has landed a \$5m (£2.7m) contract to insure an offshore oil plat-form for the Jolliet field, which

form for the Jolliet field, which is being developed in the Gulf of Mexico by Conoco, the energy anbsidiary of the DuPont Company.

The insuranca coverage for the platform, being built in Singapore, is for \$285m. Vesta is participating as a member in a 20-insurance company consortium. Each insurance company has about 20 underwriters behind it.

behind it.
In 1987, Vesta generated an income of NKr 1.5bn (£100m) from insuring marine-related structures and vessels. It ranks among the world's largest marine insurance companies. It has also provided \$387m in coverage for Conoco's UK-based subsidiary for nine Southern flelds, in a NKr 92m

Vesta also provided NKr 51bu in coverage for Norway's state oil company, Statoil, in a NKr 105m deal for its three

Station oil platforms.

Vesta says that in a "worst case" pay-out, it would be obligated for NKr 6m, because of the limitation of risk provided by its underwriters.

by its underwriters.

However, in one offshore-related disaster, the 1981 npending of the semi-submersible Alexander Kielland off the coast of Norway, a total of NKr460m had to be paid out by insurers. In Canada an offshore gas blow-out in the West Venture field demanded a \$200m pay-out.

pay-out. Currently insurance coverage does not exist for production shut-down of oil or gas fields, but Vesta saya this will become a new market for the future. Behind Britain, Norway ranks second among the world's insurers, followed by the US.

BERKSHIRE

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UK NEWS

Peter Riddell on the loneliness of a long-distance prime minister

Whitelaw leaves political vacuum

COMPARISONS between Mrs Margaret Thatcher, the Prime Minister, and Queen Elizabeth the First and Queen Victoria are not just the fantasies of her more fervent supporters. Like them she is a survivor, outlasting her early colleagues and advisers.

With the enforced retirement on health grounds of Lord Whitelaw, the Deputy Prime Missister, only three of her original May 1979 Cabinet remain — Sir Geoffrey Howe, Mr George Younger and the resilient Mr Peter Walker. All the former senior allies of Mr Edward Heath have now left and the rest of the Cabinet owe their promotion entirely to her.

With Mr Norman Tebbit, former party chalman, also gone, this leaves Mrs Thatcher in a detached, and isolated, position. Many in the Cabinet appear as solid office-holders rather than as major political figures, while others, such as Mr Kenneth Baker, the Education Secretary, regard themselves as received.

tion Secretary, regard them-selves as possible successors. There are few people around now who have the confidence, and independence, to challenge her and persuade her that she should, at times, change her views on an issue.

Lord Carrington performed this role over foreign affairs from 1979 to 1982, and Lord Whitelaw had a comparable general influence for several years - intervening to prevent arguments between ministers developing into major rows. This involved not just acting as the Cabinet conciliator — both informally and formally each antumn when chairing the Star Chamber committee on public spending - but also in giving candid private advice to Mrs Thatcher, Lord Whitelaw's was a voice she could not ignore.



Lord Whitelaw's departure leaves a considerable political vacuum. Sir Geoffrey Howe and Mr Nigel Lawson are now the most powerful figures in the Government, but they are too busy to act like him as a loyal and district the lim as a loyal. and disinterested fixer.

The obvious successor to without Lord Whitelaw's role, if not his mantle, is Mr John Wakeham, the leader of the Commons. A successful Chief Whip, he is by temperament a behind-the scenes operator – arranging parliamentary business and sorting out disagreement between ministers. Indeed, he so worked closely with Lord Whitelaw since 1983.

Lord Young, the Trade and the anatural public performer. He fastest rise of anyone in the

Lord Belstead, his replace a natural public performer. He fastest rise of anyone in the

ment as leader of the Lords, does not have his political ride on a phone-in during the weight or natural feel. These last election campaign and he talents may be required this summer when the Government runs into trouble in the upper house over its more controversial bills, and someone will been a cooling of his previous sial bills, and someone will close association with Mrs have to tell Mrs Thatcher and Thatcher in the mosths after departmental ministers when and where to make concessions.

Lord Whitelaw's departure leaves a considerable political vacuum. Sir Geoffrey Howe and Mr Nigel Lawson are now the most powerful figures in the Government Mr Walesham.

Nevertheless Mr Walesham

Nevertheless, Mr Wakehum now appears to be enjoying something of a comehack in influence, though at present without Lord Whitelaw's

affairs private secretary, and Mr Bernard Ingham, her press

All this goes back to the com-parison with Queens Elizabeth and Victoria. Both easily out-lasted their early advisers. Lords Burghley and Melbourne, respectively. They tended to become more isolated over time with courts in which people moved in and out of favour with the sovereign, who relied there is anyone in the Cabinet who can stand up to the Prime Minister and tell her when to modify her views - and, if necessary, eventually - when to stand down.

Government seeks safer furniture foam

BY IVOR OWEN AND ALICE RAWSTHORN

when any named in the control of the property of the control of the

THE GOVERNMENT intends to ban standard and high resilience polygrethane foam in new household furniture from the end of Februrary next year.

Tougher than expected proposals for reducing the fire risk of such material, were announced by Mr Francis Mande, the Consumer Affairs Mande, the Consumer Affairs Minister, yesterday.

He envisaged the introduction of more rigorous tests for furniture to the United Kingdom.

This follows a proposed regulations involve the fire six in the series of up to £2,000 and the six director of Christle imprisonment of up to £2,000 and the six director of christle imprisonment of up to

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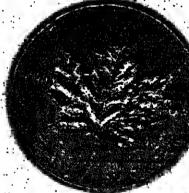
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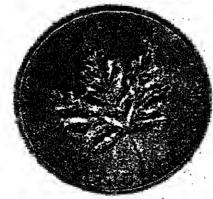
adding to your portfolio



A bit at a birthday



Use your tax refund



Money left over when buying

a car



Build up a golden reserve

Nost wise investors hold from 10 to 15% of their investment portfolio in gold. They know that gold can anchor their portfolio, as history has proven that gold is the ultimate store of value. But, when you buy gold, you also want the assurance that you can trade it discretely for cash on demand at its full value. Around the world, only the Gold Maple Leaf can meet this demand. Each Gold Maple Leaf coin is 999.9/1000 fine pure gold, and is legal tender at its face value. Independent tests have even shown that the Royal Canadian Mint

gives a little gold away to guarentee each coin's minimum weight. Because of its large numbers sold, its unquestioned reputation, and the government guarantee of weight and purity control, the Gold Maple Leaf has achieved the status of the standard by which all other gold coins are measured.

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Gold Maple Leaf. The world's gold coin standard

Tesco to quit pay bargaining body

New town

part-time

staff rise BY OUR LABOUR EDITOR

PART-TIME working among

men is increasing in the new town of Milton Keynes receotly ranked as Britain's

most successful town.

Men working part-time form a small proportion of the total

TESCO, the supermarket chain, staff administer the MFREA — up a statement of intent with is withdrawing from joint said the decision would dissonational pay bargaining with poker other retailers to free it to after. The move is another example in the example of an employer pulling out of pay structures, bank holiday arrangements and negotiating.

Tesco's withdrawal from the dent strategy. The Federation petitors to parsine an independent of Tesco's admitted to some difficulty in the effect on its members in the effect on its members in the effect on its members of the MFREA and conditions of about of Lloyds Bank.

The Government has intended to some difficulty with its own employees and further increase their participation in and conditions after minima the body's future.

The Government has intended to some difficulty in the effect on its members in the effect on its me

John Speck on the impact of the housing shortage

Workers who sleep in cars

small proportion of the total UK labour force, but the latest annual employers survey carried out by the Mitton Keynes Development. Corporation shows that the proportion of male part-timers rose by a quarter between 1986 and 1987, from 16 to 20 per cent of total part-time employment is the town.

the town.

Compared with the whole of Great Britain, Milton Keynes has a slightly higher proportion of women working in manufacturing industry, according to the report, and a higher proportion of men working in services. Over 90 per cent of part-time jobs in the town are in the service sector.

jobs in the town are in the service sector.
Service employment in the new town is dominant, and still growing, though it is still less than the average level of service employment throughout the south-east. The number of full-time jobs is higher in the town than the GB average.

The MKDC says its job creation strategy has helped create. Britain's fastest-growing town.

CONSTRUCTION workers from the north and Midlands who have found employment in the Gatwick and Crawley grees of west Susser are sleeping in their cars because of a local economy over the past two west Susser are sleeping in their cars because of a local economy over the past two west Susser are sleeping in their cars because of a local employers of the complaint of local employers in the care are hampering attempts to recruit staff from other parts of the country.

Shelter, the hoasing charity, and housing organisations in the Satwick area say that the total in the area are hampering attempts to recruit to and workers are sleeping frough of in cars. They estimate the total in the area could be more than 100.

Ucatt, the construction union, is using the example of the building workers aleeping in cars to illustrate the difficulties faced by workers transfering in cars and some who hang faced by workers transfering in cars and some who sleep in the buildings they workers transfering in cars and some who hang faced by workers transfering attended to the building workers are such the search of work and are forced. Local colon worker who sleep in the buildings they the average weekly rate for renting a room of \$45, but had been unable to find a vacancy.

The worker, who asked not to be made and in the said that he would like to bring down his wife and seventing areas.

The worker who asked not to be made and a 10 to recruit the said that he would like to bring down his wife and seventing areas with a function and workers are selected by she text of the country.

The man said that after working the total in the area could be between £500 and £600 a known and a recent paper from the Institute of Brittleh around the airport most in the back of his car in a sleeping from the north and the cars and some who hang around the airport most in the search of work and are forced. Local housing groups said that the receives reports of workers who come to the south in search of work and are forced. Local housing groups said that t

BCal averts action over staff hours

Britain's fastest-growing town.
It estimates that when final sta-

It estimates that when final statistics for 1987 are available, it will again have exceeded its target of the creation of 3,500 incident which brought the target of the creation of 3,500 incident which brought the company to the bring of a strike say union officials.

1987 Employers Survey Report MKDC, Strategic Planning Department, Saxon Court, 502 Avebury Boulsvard, Cenistral Milton Keynes, MKD 3H3.

However, the paper argued that many trainees will be paid more than participants in the commission's TOPS programme, orders to accompany the passengers followed a delay which incident incident in Mr Copsey said the incident of the company based on agreement covering maximum hours worked.

Mr Copsey said the incident in Mr Copsey said the incident in Mr Copsey said the incident in October.

However, the paper argued that many trainees will be paid more than participants in the commission's TOPS programme, worked unanimously to bellot on industrial action if the company breached an agreement covering from the merger with BA did not exonerate seven employees disciplined after a similar incident in October.

TUC body supports MSC plan on training By Charles Leadbester, Labour

THE TUC seems almost certain to support the Manpower Services Commission's plans for a \$1.4bn training programme for the adult unemployed to be launched in September in spite of the opposition of several

The TUC's education and training committee yesterday recommended by eight votes to four that the TUC's ruling Gen-eral Council should back plans for the scheme at its meeting

The decision will be welcomed by MSC officials who believe the scheme, which will offer an average of six months' training to 620,000 people a year, will need widespread support to be successful. The plans were unanimously agreed last week by the MSC's 11 strong policy making commission. policy making commission, which includes three TUC com-

Naigo, the local government naigo, the local government union (with two votes), Nnpe, the public sector union, and Ucatt, the construction unioo, voted against support for the scheme. Union critics of the scheme hope that Usdaw, the beautiful the scheme hope that Usdaw, the scheme hope that Usdaw, the shopworkers naion, MSF, the union to be formed by the merger of Tass and Astms, the National Union of Mineworkers, and Civil Service unions, will

and Civil Service unions, will join the opposition.

TUC officials are optimistic the scheme will be approved. The Transport and General Workers Union, and the AEU, engineering union, the two largest groups, voted to support the scheme, and are likely to be joined by the GMB, general union, the third largest union, when the issue is debated on the general couocil. Flve smaller unions supported the scheme at yesterday's meeting.

A TUC paper presented to the committee accepted trainees would not be paid according to prevailing wage rates. The TUC said last month that payment

dings on Saturdays. said last month that payment based on prevailing wage rates was a key condition. However, the paper argued that many trainees will be paid

in doubt.

College lecturers back outline accord for two-year pay deal

THE TWO sides in the long-running college lecturers' pay dis-pute yesterday announced an outline agreement which would give further education colleges greater flexibility to lay on vocational training courses for

The two-year agreement to teach between 20 and 22.
would give 80,000 full-time and
90,000 part-time college and
polytechnic lecturers an immesaid yesterday this would set

maximum of 21 hours a week of 22 hours. teach between 17 and 20 hours and grade 2 staff are expected

the local authority employers, said yesterday this would set the pattern for a decade and diate average pay rise of 10.3 the pattern for a decade and per cent, plus a further 6 per cent from July I. cater for new kinds of courses Leaders of Natifhe, the main and new kinds of potential cus-

Leaders of Natshe, the main lecturers' union, say the rises would restore their members' differentials in respect to school teachers and narrow the differentials enjoyed by university dons. The deal is constructed to give bigger rises to polytechnic staff.

In return, most college lecturers would be committed to a main new kinds of potential customs. The pay dispote began in 1986 and limited disruptive action, including himself, would vote against it.

The pay dispote began in 1986 and limited disruptive action, including himself, would vote against it.

The pay dispote began in 2986 and limited disruptive action, including himself, would vote against it.

The pay dispote began in 2986 and limited disruptive action, including himself, would vote against it.

"class contact" or teaching, rising to 23½ hours in the event of
"unbalanced workload" in the
college. At present, basic (grade
1) lecturers are expected to national joint council negotiating body on February 2.

It appeared last night that the deal would face some oppo-sition. Mr Fawzi Ibrahim, who chairs the union's action group, said the terms were merely "old wine in new bottles" and should be rejected. He claimed several members of the national joint council, including himself,

Court rules council wrong to stop pay

THE High Court ruled yester-day that a local authority The High Court heard the worker should not have had his pay withheld for refusing to deal with councillors' inquiries lets who had been applying a local industrial disconnection. during s local industrial dis-

Mr Jostice Michael Davies Mr Joshice Michael Davies ordered the London Borough of Tower Hamlets to pay aboot £1,000 in back salary to Mr Marek Wiluszyoski, who worked in the authority's hous-

The ruling clouds the effect of a judgment last year by the House of Lords that, in a similar instance, a superintendent action was a breach of contract,

backed by Nalgo, the white-collar union, which had in each Council, had been penalised for case been supporting the dispute that prompted the pay as part of a national grading penalty. The union said yester-dispute. He had lost a total of day the extent of the relevance £774.
of the Lords judgment was now In s

The High Court heard that Mr Wiluszynski had been one of 22 Nalgo members at Tower Ham-lets who had been applying dis-ruptive sanctions io support of a grading claim in 1985.

Because he had refused to deal with councillors inquiries, his pay had been witheld for the five-week period of the dispute. But, after sanctions were lifted, it had taken less than three hours to elevaths beekles. three hours to clear the backlog

registrar had rightly had his Mr Justice Davies held yester-pay docked by another author-day that the witheld pay ity for refusing to conduct wed-should be paid in full.

dings on Saturdays.

Both court actions were Henry Miles, superinteodent backed by Nalgo, the white-collar union, which had in each Council, had been penalised for

In a judgment thought at the Mr Alan Jinkinson, Nalgo's ation of pay docking for limited deputy general secretary, said: Industrial action, five Law "This is a significant victory for Lords held unanimously that Nalgo members following, as it the pay deductions were valid does, the earlier Miles case which seemed to give employ-had worked only 34 hours of ers a free run at workers taking his normal 37-hour week.

SAYE share options 'values triple'

BY JIMMY BURNS

MOST EMPLOYEES contracted into save-as-you-earn (SAYE) share option schemes have seen the value of their investments at least triple over the last five years, according to a survey by the industrial Relations Services. vices research company.

The survey found that, even

The survey found that, even with the stock market crash last October, share prices are still a "long way above" their values in 1981-82 when many of the schemes began.

IRS indicates that for the higher paid employees, the gain under SAYE share-option contracts may have been worth more than pay rises in net nay

more than pay rises in net pay terms as they have only to pay capital gains tax on the share profits rather than higher mar-

ginal rates of income tax.

However, the research unit suggests that following the stock market crash companise with schemes which have yet to each maturity may have to use

each matrixy may have to use alternative methods of promot-ing SAYE schemes.

Meanwhile a separate study on the John Lewis Partnership supermarket and stores chain, the largest employee-owned company in the UK, sug-gests that commitment to employee involvement may be one of the main reasons behind improved productivity and rate of return growth.

GRANVILLE

SPONSORED SECURITIES 40 81 17 268 34 112 46 64 151 54 20.7 41 112 10.7 25 3.9 . 37 37 101 31 97 45 123 131 3A 75 27 141 20 Record Holdings (SSD) 23 Record Holdings (SSD) 23 Record Holdings (SSD) 25 Record Holding (SSD) 26 Rebert Jenking | 27 Torday & Caribale |

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> **FOOD** INDUSTRY The FT is proposing to publish this survey on

forecast!

BUSINESS & MARKET RESEARCH

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NOTICE OF REDEMPTION

To the Holders of

THE KOREA DEVELOPMENT BANK

U.S. \$100,000,000 Floating Rate Notes

NOTICE IS HEREBY GIVEN to the holders of the outstanding Fifteen Year Floating Rate Notes due 2000 (Including such Notes requested to be converted into Three Year Floating Rate Notes) and Three Year Floating Rate Notes and three Year Floating Rate Notes due 1990 (collectively the "Notes") of The Korea Development Bank (the "Bank") that, pursuant to the provisions of the Ferms and Conditions relating to the Notes and the provisions of the Fiscal Agency Agreement dated February 15. 1985 between the Bank and Morgan Guaranty Trust Company of New York as Fiscal Agent I the "Fiscal Agent"), the Bank has elected and will redeem on February 18, 1988 all of 1ts Notes at a redemption price of 100", of the principal amount thereof plus accroed interest to the redemption date. Payments will be made on and after February 18, 1988 upon presentation and surrender of Notes with interest coupons due August 1988 and subsequent attached. Such payments will be made in U.S. dollars, subject to applicable laws and regulations, either (a) at the Corporate Trust Office of the Fiscal Agent in New York Circ, or (b) at the Main Offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main and London, Krediethank S.A. Luxembourgeoise, in Luxembourg and Swiss Bank Corporation in Basie.

New York in Brussela. Frankfurt am Main and London, Krediethank S.A. Luxembourgeoise. in Luxembourge and Spies Bank Corporation in Basie.

Any payment made within the United States or transfered to an account maintained by a non-U.S. payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service 1RS j and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed 1RS form W-8 certifying under penalties of perjury that the payee is not a United States, person. Payments made within the United States to non-exempt U.S. payees are seportable to the IRS and those U.S. payees are required to provide to the paying agent an executed 1RS form W-9 certifying under penalties of perjury the payee's tarpater identification number (employer identification number or social security number, as appropriate 1 to avoid 20% withholding of the payment, Faffure to provide a correct tarpayer identification number, may also subject a 5.5, payee to a penalty of \$50.

Coupons due February 1988 should be detarhed and collected in the usual manner, Interest on the Nutes shall cease to accure on and after February 18, 1988.

THE KOREA DEVELOPMENT BANK By: Morgan Guaranty Trust Company

We've been putting a plaster on the problem

But now part of the hospital is simply unusable. And the rest is overcrowded, antiquated and

The governors have decided we must build a and, wait for it, the bill will £50 million.



Beds for healthy parents.

Sir Phillip Powell has designed a light, joyful building with more operating theatres. More room for parents to stay with their

children (kids get better quicker this way). And something we don't have: recovery rooms where the children can come round after opera-

tions (we have to use the corridors at present). We'll have more playrooms, more gardens, more room to breathe. Would you like to help us?

The Wishing Well Appeal.

The DHSS is making a major contribution. But we still need to raise £30 million.

Now it's your chance, Please:

1. Walk in to any branch of The Midland Bank and give whatever you can to our appeal which we've called 'The Wishing Well Appeal'.

2. Send a cheque by post to The Wishing Well Appeal for GOS, Midland Bank, 8 Cooper's Row, London EC3N 2BD.

3. Tell everyone how important it is. Organise fund raising at work, in your street or village, If you need help phone us on 01-831 1199.

Thank-you.

From the nurses, doctors and children of Great Ormond Street

To The Wishing Well Appeal for GOS, Midland Bank pk, 8 Cooper's Row, London ECSN 28D. (Registered Charity No. 288763). I want to help Great Ormond Street set better: made out to The Wishing Well Appeal for GOS. Name_public consecutors

n tech bern II: if not please accept our warmen thenks for your belo and also for helping to related administrator cope His if you would like to know more about the Appeal III Local Fund Roung III. Concentral III. Deposited Concentral II

Help Great Ormond Street get better.



Dated: January 12, 1988

Higher prices reverse trend in industrial costs

THE FAVOURABLE trend in British industry's costs was reversed in December with higher prices for domestic inputs to manufacturing outstripping gains from cheaper imports, figures released yesterday by the Department of Trade and Industry show.

At the same time, however, industry managed to hold factory gate prices stable, their growth remaining broadly in line with previous months. There is little sign in industry's prices prices.

Prices for materials and fuel rose by 3 per cent in December to fine of increase in factory gate prices.

Prices for materials and fuel rose by 3 per cent in December to fine of last month, output prices provisionally rose by 3.8 per cent in December compared with a provisionally rose by 4 per cent, appear to represent a serious contraction in margins.

Industry has benefitted from cheaper imported materials and fuel used by British industry has been partly a function of strong pound and depressed world commodity is industry rose by 4 per cent, are than input prices and one month's change would not appear to represent a serious contraction in margins.

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Industry has benefitted from cheaper imported materials and fuel spear to represent in papear to represent a serious contraction in mar

prices.

Prices for materials and fuel rose by 3 per cent in December compared with 0.5 per cent in November. The DTI said this reflected a seasonal increase in electricity costs. Higher prices for food manufacturing materials and fuel prices provisionally rose by 3.8 per cent in December against a provisional 153.5 compared with a said. Output prices rose by 0.2 provisional 153.2 in November. The DTI and the prices provisional 153.2 in November. The DTI and the prices provisional 153.6 in December against a 135.6 in December ag

for food manufacturing materials, metals and petroleum were only partly offset by lower rising at a consistently higher provisional 131.6 in November.

Credit fuels retail spending

CONSUMERS borrowed heavily in November, relying on their credit cards to finance another sharp rise in high street spending, according to official figures published yesterday.

The Trade and Industry Department said yesterday that new loans extended by credit

card companies, retailers and finance houses totalled £3.14bn during the month, against \$2.98bn in October.

Meanwhile, Infolink, an inde-pendent credit agency, reported that applications by consumers for credit facilities rose last year by 24 per cent, with the annual rate of increase rising to 30 per cent in the latter months of the year.
The latest DTI figures show



nearly 30 years. Separate figures published

retailers and specialist finance houses have risen only slightly. The amount of total consumer The amount of total consumer debt outstanding, which takes into account repayments, has also risen sharply. At the end of 1986, it stood at £19.06bn but by November last year was 18 per cent higher at £22.49bn. There were signs, however, of an acceleration in the rate of repayments in the latest month.
The surge in consumer credit has contributed, along with much higher borrowing for house purchases, to a fall in the ratio between savings and income to its lowest level for

yesterday by the department show how high street shops are the latest DTI figures show the amount of new credit as nearly 25 per cent less than the only fractionally below the average in the autumn record level of last September, credit card companies have marking another step in the upward trend of the last few business, with their monthly years. At the beginning of the year, borrowing was running at from £1.2bn to around £1.5hn, a monthly level of £2.5bn, In contrast, loans provided by show high street shops are benefitting from the credit boom. They confirm that in the credit boom. They confirm that in the credit boom. They confirm that in the volume of sales was 1.6 per cent higher than in the previous three months and nearly 6 per cent above the same period a year earlier.

there was a number of labour disputes which British Coal considered were petty.It insisted that there had been no changes in the geology of the

In November Mr McAlpine

British Coal to close Fife pit

BRITISH COAL is to close the Seafield colliery at Kirkcaldy, Fife, following the failure of the labour force to respond to an ultimatum to make a big improvement in productivity.

The closure, which Mr George
McAlpine, British Coal's Scottish area director, wants to put into effect as soon as a possi-ble, means the end of a long saga in the changing fortune of the pit.

Union representatives were told yesterday there would be no compulsory redundancies among the 640 workers. Those who do not accept British

who do not accept British Coal's enhanced voluctary redundancy package will be offered work at the Longannet colliery in Fife.

British Coal also said it would apend £750,000 on exploring the prospects of reopening the nearby Frances colliery. But even if the reopening were feasible, it would only go ahead if the unions agreed to flexible working and if there was a long-term contract for the sale of the coal.

The closure of Seafield will

The closure of Seafield will mean that British Coal has only four working deep-mined col-lieries in Scotland and a labour force of about 4,500. Before the 1984-85 miners' strike there were about a dozen pits and

14,000 miners.

The Frances pit was put out of action by fires during the miners' strike, which cost 500 jobs, and Seafield lost two coal faces and 800 jobs. Then around New Year's Day 1987 enother fire cut the number of

At that point Mr McAlpine Harker, to run its Allied Car-warned that the only hope for pets subsidiary, replacing Mr Seafield's survival was a big loe Saracine, the managing Seafield'a survival was a big increase in productivity which would have to reach 4 tonnes per man shift per day. This target was met for a time and British Coal then announced that it was considering building a second coalface.

However productivity dropped again to two tonnes per man shift last autumn and

In November Mr McAlpine warned the miners the colliery would close after Janoary 11 if productivity did not return to the 4 tonnes per man shift level. Seafield will lose \$11m in the current financial year.

The British Esliways Beard union leaders say the miners were demoralised by the uncertainty generated by British Cosl over the future of the pit.

Tavelless FARE, British is understood, however, the new Zealand the company of B6 sites put up for tender of Mr Ron Compared with 68 retained by British is understood, however, the New Zealand the board has decided in Travellers Fare. The future of Mr Ron Compared with 68 retained by British is understood, however, the New Zealand the time board has decided in Travellers Fare. The future of Mr Ron Compared with 68 retained by British is understood, however, the New Zealand the time board has decided in Travellers Fare. The future of Mr Ron Compared with 68 retained by British as the New Zealand the time board has decided in Travellers Fare. The future of the Sites has still to be resolved.

The British Esliways Beard said vesteriay that no decision has been made on the long-term future of the company, which has been made on the long-term future of the company, which reported a surplus of \$5.5m less for which private tenders were invited last astumm.

Private bidders took only 21

Touche acts under City code rule

TOUCHE ROSS is believed to have become the first accountancy firm to advise a listed company under rule three of the City's takeover code, marking a further advance by accountants into areas of corpo-rate finance dominated by bro-kers and bankers.

Rule three of the takeover code concerns occasions when companies buying or selling others need to seek independent advice. The advisers must be approved by the Takeover

Panel.

The development highlights concern about the effects on accountants' independence if they act as business advisers.

These were heightened by a recent disciplinary investigation by the Institute of Char-

corporate finance partner, said that his firm's work for Pineap-ple was less contentions than work in a contested takeover. He acknowledged, though, that it exposed the firm more than

Accountants were recently allowed to waive their fees when a deal fails. This means when a deal fails. This means they often have a financial pers & Lybrand. It has used interest in making sure a deal Touche for advice on a number succeeds, raising further ques-

tered 'Accountants in England and Wales into Coopers & undertaken by secondarits.

Lybrand's role in helping Pilkington fight off a bid from BTR last year.

Coopers was criticised by the professional body for a lack of objectivity in an attack on BTR's figures. The firm is appealing against this.

Touche is acting for Pineapple Group in its proposed sale of the loss-making Pineapple Limited, the original dance stadio part of the business, to chairman Ms Debble Moore.

Mr David Wadsworth, Tonche corporate finance partner, said that the need to maintain their claim that the need to maintain their reputation for independence and objectivity outweights their clients' facts in their clients and objectivity outweights their disciplent of a crisis when their clients' facts in their clients in their reputations to "bend" facts in their clients' facts in their clients' facts in their clients' facts in their clients in their reputations to "bend" facts in their clients' facts in their clients in their reputations to "bend" facts in their clients' facts in their clients in their reputations to "bend" facts in their clients' facts in their clients facts in their reputations to "bend" facts in their clients' facts in their reputations to "bend" facts in their clients' fa for Wadsworth stressed that Touche is not replacing Capel as Pineapple's main financial adviser.

Accountants' institutes ban tied agencies

receive substantial compensa- Holdings until he resigned in

groups.
The threat came yesterday from Mr Ian Plaistowe, chairman of the institutes' imancial services policy co-ordinating

committee.

The ruling councils of each of the three institutes, covering Scotland, Ireland and England

The rule councils of each of the three institutes, covering should be as fittle as \$190, Mr Plaistowe was speaking at the as fittle as \$190, Mr Plaistowe was speaking at the cost of authorisation councils for the cost of authorisation councils.

The ruling councils of each of the three institutes now have tutes have received interim to seek their members' authoritations.

and Wales, had decided to ban their member firms from acting as agents tied exclusively to one life company or unit trust group, Mr Plaistowe said.

"We have concluded that there is nothing that is more important than that the public should have access to advice which is totally independent," he said. "It is that independent which is the hellmark of elected which is the hellmark of elected which is the hellmark of the chartered accountant."

Mr Plaistowe was speaking at a press conference held to amounce that all three institutes have received interim

approval from the Securities royal charters, by-laws and rules to allow them to come into line with the SiB's investor protection requirements, before they can obtain full recognition as RPB.

The Institute of Chartered Accountants in England and Wales will hold a special meeting of members on February 16.

The institute of Chartered Accountants of Scotland and the Institute of Chartered Accountants in Ireland will hold similar meetings on March tand April 8. 4 and April 8.

New chief for Allied Carpets

around New Year's Day another fire cut the number of ASDA-MFI, the superstant working faces at Seafield to group, has appointed a new chief executive, Mr Richard chief executive, Mr Richard director, who has resigned.
It is thought that Mr Saracine's departure stemmed from disappointment that a management buy-out of Allled, a chain of 86 carpet and home furnish-

after Asda put the business up parties and last month of group."

Announced that it would not group."

Mr Hardman will chair the

October 1986. Since then he has been working as a consultant.

Mr John Hardman, Asda chairman and chief executive. for sale last summer. However, the stock market fall reduced the price Asda would have received for Allied from the management or other interested parties and last month it est potential as part of our

of 86 carpet and home included in the state of the Asda Stores board Asda directors, Mr Edward Lea other business interests, said between 1973 and 1983. He was and Mr Graham Stow, will be then a director of Woolworth non-executive directors.

By John Griffiths AT THE age of 74, Colonel Roo-

nie Hoare is almost as much a Ferrari "legend" in the UK as Il Commendatore himself, Enzo Col Houre admitted yesterday

that it was with more than a touch of sadness, therefore, that after 27 years he was handing over the wheel of Mar-anello Concessionaires, the company he founded to import the Italian sports cars, to Tozer Kemsley and Millbourn, the UK

However, they will remain as directors in what appears to

have been one of the more amicable takeovers in recent UK motor trade history.

The colonel, whose Ferrari racing teams were almost as well known as the factory's in

Previous offers.

He said, however, that in Mr
Reg Heath, TKM's chief executive, Maranello had found an
enthusiastic successor who
could be expected to keep the
franchise firmly "on track." For
his part, Mr Heath, a Westcountryman, described becoming
Maranello's chairman as "one of
the most exciting days" of his
life.

It also purchased last year the Leicester-based Parker

mated £2m last year.

Lawson urged to change tax and NI BR to sell Travellers Fare 'this year' BY PHILIP STEPHENS.

both ends of the income scale borrowing could give Mr Law remove all national insurance was urged vesterday by the son scope for tax cuts of more contributions on the first \$41 Association of British Cham-tham \$550n, it said.

At the same time, the upper

A PACKAGE of changes in tax cal policy to maintain the pace down the highest marginal and national insurance pay- of demand in the economy, rates for the better-off, ments to improve incentives at Only a slight increase in public. The first element would be to

Association of British Chambers of Commerce.

In a submission to Mr Nigel
Lawson, the Chancellor, ahead of his Budget in March, the association also called for a furbassociation and for a modest relaxation of fisses.

At the same time, the upper arrivation of contributions insurance changes, which the should be abolished. That association also called for a furbassociation also called for a furbassociation also called for a furbassociation and for a modest relaxation of fisses.

Ralph Atkins on the proposed sale of 100,000 acres of countryside Down the path to private nature

FOE SALE: Up to 100,000 acres ing sites already under careful of scenic British countryside, rich in flora, fauna and geologiBy the laws of supply and

only need apply.
The Government's suggestion that some public-owned nature reserves could by sold has led to a storm of protest from some conservation groups. But it will be some time - if at all - before the For Sale notices are posted. Yesterday the Department of Environment was anxious to reassure the nature lobby that the primary function of reserves. They would remain refuges for Britain's wildlife river the primary surface ownership," Mr Ridley and Ridley redig vester and reserved any interest and refuges for Britain's wildlife river ownership," Mr Ridley redig vester and restrictions and management folicy Reviews initiated by his department have examined in detail the property portions of the Property Services Agency and English Heritage.

"This Government believes in private ownership," Mr Ridley redig vester and a service of the property services are the nature leaves the property services are the property services are the property services are the property services. where the natural environment would be preserved.

Strict conditions would be imposed on bayers. These would stop building or conversion to theme parks; other con-trols would prevent the drain-ing of marshland, excessive use of fertilisers and the planting of coniferous trees. Yet, in bowing to the need for

restrictions to protect Britain's environment, the Government may find its offer is unappeal-ing to the profit, rather than ing to the profit, rather than nature, loving private sector.
Moreover, bodies like the Royal Society for the Protection of Birds and the Royal Society for Nature Conservation, which run many reserves, say their resources are stretched. Other conservation organisations are unlikely to see the logic of buy-

cal specimens. Nature lovers demand, therefore, the revenue only need apply. substantial. But this is not necessarily the main aim.

For some time Mr Nicholas
Ridley, Environment Secretary,

has sought to reduce land controlled by public sector bodies. Recent Financial and Managesaid on BBC radio yesterday.

You can conserve things

"Yon can conserve things without having to nationalise them. This idea that there are people who conserve things and look after them, who are publicly financed and publicly owned, and that there are those other people in the private sector who are simply spoilers, is absolutely wrong."

The scrutiny of the Nature Conservancy Council, which employs about 850 people in Britain's 233 National Nature Reserves, is part of the same review exercise.

Most sites, which vary in size



Nicholas Ridley: conservation time

them. This idea that there are people who conserve things and look after them, who are publicly financed and publicly owned, and that there are those other people in the private sector who are simply spoilers, is absolutely wrong."

The scrutiny of the Nature Conservancy Council, which employs about 850 people in Britain's 233 National Nature Reserves, is part of the same review exercise.

Most sites, which vary in size from less than 100 acres to more than 20,000, are either leased or owned under management agreements by farmers, local authorities, or voluntary bodies. The sites that could face

Rolling back the ownership of large bills and that it has been the National Conservancy Council would take the Government's wide-reaching privatisa-tion programme ioto green issues for perhaps the first

Oftel reluctant to withdraw BT

Talkabout line

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

ership but the threat to the high standards of management that reserves enjoy.

Nature reserves could, for instance, be exploited as tourist attractions. The conditions of sale set by the Government would prevent sites becoming theme parks but sites could charge for entry.

There would be nothing to stop facilities like toilets, restaurants or accommodation being provided off the site with heavy charges for excursions to hides or along nature trails.

By David Thomas

THE OFFICE of Telecommunications, the industry's regulatory body, is doubtful whether it should try to ban Talkabout, the British Telecom service which allows up to eight strangers to talk to each other on the phone for a premium charge.

Lord Young, the Trade and Industry Secretary, wrote to Oftel last week seeking an urgeot report on Talkabout. There have been allegations that some children have run up large bills and that it has been

used for immoral purposes. Professor Bryan Carsberg,

Professor Bryan Carsberg, Oftel director general, in a pre-liminary reply to Lord Young yesterday, disclosed that he had received a number of com-plaints about Talkabout. How-ever, he also said that the ser-vice might be of value to lonely, isolated or disabled people.

Hymac hydraulic digger business sold for £3m

THE FAMILY-OWNED Brown construction machinery group took a further step on its acquisition trail yesterday with the purchase of the Hymac hydranlic excavator business from BM. Brown, which has its headquarters at Pool, North Yorkshire, is believed to have paid about £3m for the Walsall excavator maker. BM, a quoted company, acquired Hymac from Northern Engineering Industries two years ago.

almost solely from its franchise to sell the Moxy range of articulated dump trucks. Since then it has bought the moxy company, including its production site in Norway. It negotiated a deal last year to make dump trucks on behalf of Komatsu of Japan and is expecting to make 680 trucks this year.

It also purchased last year the Leicester-based Parker

Northern Engineering Industries two years ago.

Mr Gordon Brown, managing director of the Brown group, said yesterday that he intended expanding production of Hymac at Walsall.

The Brown group had no manufacturing six years ago and its \$12m sales derived last year.

Peugeot hopes 405 will win 2% share of market

PEUGEOT TALBOT yesterday announced prices for the Peugeot 405 saleon range, which goes on sale on January 21. With the Sierra 1.8L, its closest Peugeot hopes it will capture Ford rival and Varnchall's 1.6L. It also compares with \$8,249 for the Rover group's Montego. This is after an average 2 per principal fleet model, will cost 28,245. This compares closely with the Sierra 1.8L, its closest for the Rover group's Montego. This is after an average 2 per Peugeot hopes it will capture Ford rival and Varrabil's 1.61.

significant fleet sales and at lit also compares with \$8,249 least a 2 per cent share of the for the Rover group's Montego.

This is after an average 3 per cured floating rate loan notes and the balance in cash. Marabase 1.6 litre GE model, to those already held in stock at \$11,845 for the 19 litre GTX dealers.

£15.6m

Ferrari

importer

sold for

the motor racing beyday of the 1960s - he had such drivers as the late Graham Hill on the payroll - has rejected dozens of previous offers.

the most exciting days" of his life.

Marancilo, based in Egham, Surrey, sells nearly 400 of the £43,000-S87,000 supercars a year in the Far East and Mr Brierley's home patch of the Antipodes, as well as in the UK.

That is a far cry from the first year of the franchise when, recalled Co! Hoare: "I first approached Ferrari about the frunchise. He caught me on the hop when he asked me how many I thought I could sell.

"I fhought – I'll have one, I'll have one, plus another friend, and another silly beggar's bound to buy one. So I told Mr Ferrari, four a year. To my astonishment he was delighted. It turned out they'd only sold four in Britain in the previous 10 stars."

Illuder the tarme of the deal.

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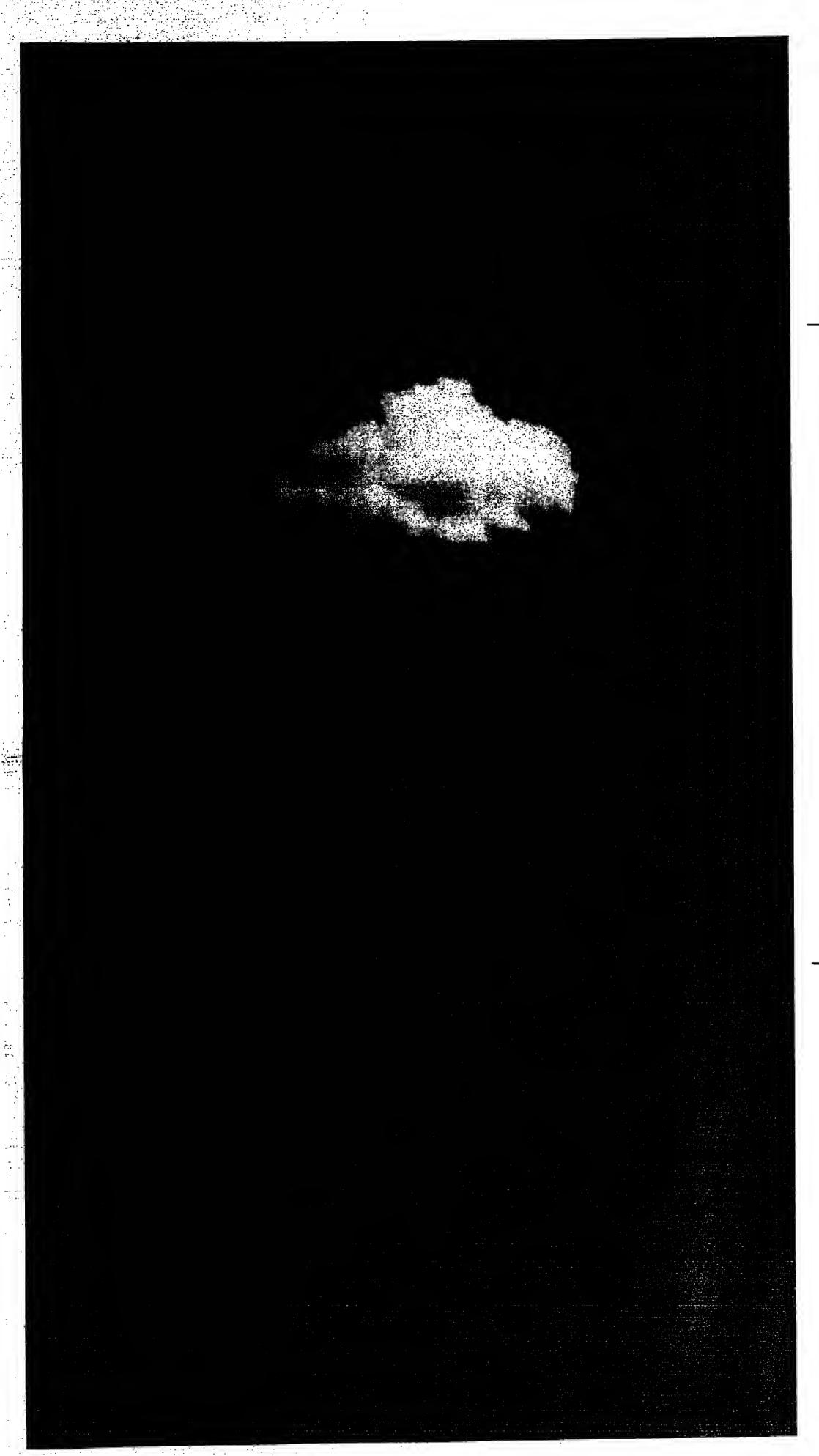
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. WORLD

BRITISH AIRWAYS
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Pilkington and **BOC** back laser surgery venture

BOC and Pilkington are sharing of the laser as a scalpel and had a \$10m investment in a new Scottish high-technology ven- work, it is cost-effective."

research.

Living Technology sees laser medical systems as a market growing at 25 per cent a year, from a base of about \$100m at pared with \$200-300 an hour present. It is looking for 20-25 for conventional surgery. He per cent of the world market believes it should be possible to and will be specialising in sur-gery on the kidneys, stomach and lungs and on gynaecologi-cal surgery.

The beanty of laser surgery is that you can control the bio-

cal surgery.

The venture is collaborating logical effect so much more precisely with the National Medical Laser Centre, at University
College Hospital (UCH), London.

is that you can control the busic logical effect so much more precisely than with any other technique," he said.

Half of the centre's research funds come from the DHSS and the rest from Pilkington and

By Maggie Uny

scottish high-technology venture to develop a world market for laser surgery systems.

The joint venture combines Pilkington's laser technology, originating with work for the Ministry of Defence, with BOC's international position in health-care, already worth about £500m a year.

Mr Michael Holmes, a Pilking-

international position in health-care, already worth about \$500m a year.

Mr Michael Holmes, a Pilkington executive and director of Llving Technology of Clydebank, said the \$10m investment was intended to make the company self-financing within three to four years. Half the cash would be invested in the need for emergency surgery in such cases.

Ulcers, Dr Bown said.

The technique avoids surgery by allowing the surgeon to bring laser energy to bear on the wound through an endo-ecope, or flexible telescope, or flexible telescope, into the stomach. The study had shown that the technique stopped bleeding in about two cases out of three, avoiding the surgeon to bring laser energy to bear on the wound through an endo-ecope, or flexible telescope, or flexible telescope, into the stomach. The study had shown that the technique avoids surgery by allowing the surgeon to bring laser energy to bear on the wound through an endo-ecope, or flexible telescope, or fl

A year ago the Department of the rest from Pilkington and Health designated UCH's the Imperial Cancer Research department of surgery as its Fund. Pilkington's laser technational centre for evaluating nology is based on a YAG iaser surgery systems. Dr Stephen Bown, the centre's director, said the centre was evaluating about 24 different uses tank.

Rowntree products cut

ROWNTREE Mackintosh Con-fectionery, the UK manufactur-Rowntree said: "Current sales fectionery, the UK manufacturing arm of Rowntree, the York-based confectioner, is to cease Good News and Weekend have production of two chocolate reached a level at which it is no sosortments lines with the loss of 190 jobs at its Norwich factory.

assortments as well as counter- counter line, will finish because lines such as Rolo, Yorkie, Mun- of unsatisfactory demand."

ture. The company has decided that production of these lines The plant, which employs will cease around the middle of 1,300 people, makes Weekend this year. At the same time pro-

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Staff in **DIY** stores 'may miss chances to make sales'

DO-IT-YOURSELF storee appear to be missing opportunities to make sales through a lack of knowledgeable staff, says a survey by Management Horizons, the retail management

Interviews with 600 DIY customers carried out last summer suggested that less than half of those entering n DIY store knew exactly what to bny. The others relied on advice from etaff and storee' information leaflets. A low proportion of choppers were happy with the advice available.

The nverage DIY enthusiast spends \$289 n year and visits a store once or twice a month. He or she, since DIY is no longer n male preserve, is likely to be an owner. owner ocenpier, aged between 25 and 49 and is just as likely to be in social ciasees ABC1 as C2DE. Decorating is the most fre-quently tackled job, fol-lowed by carpentry.

Mnnagement Horizons dividee DIY-ers into five categories. The lowest spenders it describee as "reinctant Ronnies" who do it themselves only if they really have to. They make up 13 per cent of DIY shoppers and spend \$194 n year, but hate every minute of the process.

"Dabbler Dannies" make np 23 per cent of the sam-pie. They spend on average \$243 a year and are mainly interested in saving money.

Also spending £243 a year are the "cantions Colins," characterised by a pedantic concern for quality work-manship and a lack of ambition in the projects tackled.

"Cheerful Charlies" are keen DIX-ers, spending an average £338 a year. They are ready to take on ambitious jobs and seek value for money from stores. They make np 23 per cent of the sample.

Biggest spenders are the "perfectionist Petes," who make up 16 per cent of DIXers. They want quality products rather than cheap materials and spend an average of \$403 a year.

Accountancy firm will change name

By Richard Waters, Accountancy Corresp

SPICER AND PEGLER, an accountancy firm with a well-established presence in the financial services industry, is to change its name to reflect its growing reliance on international business.

From next Monday, the firm will be known as Spi-eer & Oppenheim - the name of the international network of which it was n founder member in 1973.

Oppenheim Appel Dixon, the US member of the net-work, is also changing its name to S&O. A quarter of Spicer's fee income of £54m, and 50 per cent of Oppenheim's \$64m,

comes from work for finan-cial services clients. tancy firms with a common international name, 8&0 firms will continue to share profits between partners untlonally rather than internationally.



Michael Donne looks at British Airways' prospects after the BCal takeover

Airline flies through turbulent merger

Call for

action on

S Wales

cably linked to the affluent cen-tral plain between Newport and

summer to act as a catalyst to

CEGB may pipe gas to south-east

THE ELECTRICITY industry is considering building an over-land pipeline to supply North Sea gas to power stations in south-east England where it is short of generating capacity.

The gas would be purchased from independent oil companies, rather than from British Gas, which does not welcome an increase in the use of gas in

power stations.
The plan, still only at the strategic discussion stage at the Central Electricity Generating Board, is prompted by higher than expected growth in elec-tricity demand towards 5 per cent a year, compared with the 2 per cent on which the CEGB's are based,

The CEGB has not ruled out the possibility of obtaining its increased supplies from British Gas hut because of the corporation's negative view about its use in power stations it is consldering huying directly from an independent producer.

London & Scottish Marine Oil London & Scottish Marine Uil (Lasmo), one of the leading independents with North Sea gas reserves, says the CEGB contingency plans are "good news for small producers." Mr Chris Greentree, chief executive of Lasmo, said the pipeline idea would appeal to explorers "who want to sell at the beach." According to the electricity industry, objections to using gas for electricity production

gas for electricity production are outdated as a result of changes in combustion equipment which raise the efficiency with which gas is consumed. The CEGB relies on gas to respond to sudden peaks in demand. If overall demand continued to the continued of the co tinnes to grow faster than expected, and if it can obtain cheaper gas, it may also raise the proportion of gas in its fuel

cheaper gas, it may also raise the proportion of gas in its fuel mix.

An alternative to piping the North Sea gas to the south-east would be to use it in turbines on the coast and to transmit the electricity to the areas where it ie needed. Another option would be to burn more gas derived from oil distillates.

SYPAIL CHEESERICHT, PHOPERTY CONTRIBUTION.

WOOLWORTH HAS sold 20 of ing. The second and third will also cover portfolios of about and Metropolitan, the property 20 shops. The financial effect 20 shops. The financial effect will be to fund about half of the property development committing ments of \$85m Woolworth for expansions. In its 1987-88 financial groups, Woolworth has been negotiated.

Sale and leaseback arrange wents of \$85m Woolworth on trading in existing premises but liberate capital for expansion. In its 1987-88 financial groups, Woolworth has been seeking to exploit the financial 1.5m sq ft of retail space

GEC-Plessey talks progress

GENERAL ELECTRIC Company and Plessey, the two UK electronics groups which agreed in principle in October to merge their telecommunications equipment interests, expect to have concluded most of the detailed arrangements for their joint venture by next month.

Tauma from both companies

sion last year, is to head the extended period. An issue still to be resolved is whether Orbitel, the partner-ship between Plessey and Racal tem X digital public exchange. It makes cellular telephone equipment, will be brought into of Plessey's telecommunications the joint venture, thereby making GEC and Plessey are lean for their partner.

The remainder of the top this to happen. Racal said yes-

High on the agenda has been although formal requirements:
the selection of the joint venture's top management to work
with Mr Richard Reynolds, launched until a little later.

Burned until a little later.

the selection of the joint venture's top management to work with Mr Richard Reynolds, head of GEC's telecommunications business, who has already been named managing director of the joint venture.

Two key appointments have capacity the two companies are been settled. Mr Barrie Lawson, business are been settled. Mr Barrie Lawson, alt bough the rationalisation will seek out international may be carried out over an opportunities.

The two companies in the two companies believe can be the valleys can no longer be seen as a sepanate or companies believe rate economic identity. The two companies believe rate or their counterparts in GEC.

These are the main conclusions of the report, which Mr Henry Kroch, chairman of the international public telecommunications divi-

whether Orbitel, the partnership between Plessey and Racal
to make cellular telephone
equipment, will be brought into
the joint venture, thereby making GPC into a third partner.
GEC and Plessey are been for
this to happen. Racal said yesthis to happen. Racal said yesterday it was not opposed to
GEC's hivolvement but it had
not yet received any firm proposals.

An area which has caused
Their future must be inextricably linked to the affluent cenarrangements for the venture by next month.

Teams from both companies have been working through the issues which have to be agreed shortly so that most GEC's, involvement but it had resolved before the joint venture's operational arrangements can be resolved before fully operational arrangements can be sorted out next month, An area which has caused although formal requirements some difficulties is the differmay mean that the joint venture's companies. Senior executives in Ples area to the considerable with the considerab

Tractor sales ranking changes

Engineers Association

Woolworth in £16.7m leaseback deal

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

summer to act as a catalyst to create action on the main issues affecting Welsh life through the publication of studies.

The draft of the report, The South Wales Valleys, an Agenda for Action, was produced by PIEDA, an Edinburgh-based economic and planning consultancy that has worked on urban regeneration, especially in Scotland and the north-west. CASE-III displaced Massey-Ferguson last year as the second largest seller of agricultural tractors in the UK.

Ford New Holland easily kept its top slot, capturing 24.6 per cent of the market against 24.4 per cent in 1986, according to figures from the Agricultural tractors in the market against 24.4 per cent in 1986, according to figures from the Agricultural tractors in the market since on the market since in the market since of the UK.

All regions of the UK.

Case was accused by the rest increased sales, execut Cumbria.

per cent to 19,689 compared with 18,831 in the previous year. This was the first common. Farmers in some areas common. Farmers in some areas now expect discounts of 30 per cent or more.

All regions of the UK increased sales except Cumbria and the north-east, and in most agressive discounter 12 nonthern Ireland, where they dropped by more than a quarter.

Massey, the largest supplier of tractors in the world with a global market share last year of incorporate electronic sophistic

Its report, which described the area as a collection of unique valleys rather than a homogeneous community, pos-tulates that the long-term aim must be to stimulate the private Engineers Association.

The only marked shift in the order was the slide of Massey's share to 16.6 per cent from lust over 20 per cent in 1986. Case raised its share from 18.4 per cent to 20.9 per cent.

The only other snpplier to increase noticeably its share of the market was John Deere, which lifted it from 13.3 per increase from 3,793 units to of the industry as being the most agressive discounter 12 months ago. Massey says Ford has now taken on that mantle.

Last year Massey introduced its 300 and 3000 range of trace of tractors in the world with a global market share last year of increase noticeably its share of the market was John Deere, which lifted it from 13.3 per increased sales, except Cumbria of the industry as being the most agressive discounter 12.

Last year Massey introduced its 300 and 3000 range of trace of tractors in the world with a global market share last year of about 19 per cent, blames severation and are higher priced than models of similar horse-power from other companies. sector to invest, create new forms of economic activity and provide job opportunities. Only then will the social problems be

north-west.

The valleys' problems stem from low consumer spending, leading to low-quality shops, poor town centres whose future poor town centres whose future has been undermined by out-of-town developments, high lev-els of social deprivation, high long-term unemployment, espe-cially among young people, par-ochialism, a poor infrastructure in spite of recent improvements

deniatism, a poor infrastructure in spite of recent improvements and an employee culture in which people have come to depend on others for work.

The report suggests there should be an initiative to promote community enterprise, a speeding up of the work on reclaiming derelict land, the setting-up of a valleys partneship to provide strategic leadership, road improvements, a sustained drive to improve housing and development of tourism.

In particular, it calls for the co-ordinated regeneration and promotion of Merthyr Tydfil as a focal point at the top of the valleys. The Government should consider moving some of its offices from Cardiff, or even south-east England, to the town to help bring this about.

The South Wales Valleys as Agenda for Action, The Institute of Weish Affairs, 21 Park Place, Cardiff.

Peter Marsh on the dispute between research-based and generic drug companies

Finding a cure for the ills of drugs makers

THE DATE March 9 1988 is marked in red in the diarles of executives in the 10 or so UK companies which sell generic copies of branded drugs.

That day is four years before the patent on Tagamet, a best-selling anti-ulcer drug, runs out, and from then companies will, in theory, be free to sell look-alike versions of the medication.

debated at committee stage in the logarity of the research-based and proceeds through particular that bill proceeds through particular as planned, the anomaly should be removed by the summer.

Behind the arguments lies a dispute, which in recent weeks and in the profit-dation.

Behind the arguments lies a dispute, which in recent weeks and companies maintain they perform a vital role through helping to reduce the cost of

This state of affairs, which has led to a whiri of activity has led to a whirl of activity among companies anxious to claim for themselves part of Tagamet's UK sales of about £50m a year, is due to a legal anomaly which effectively cuts the patent protection on certain products on which patents were taken out before 1978.

ucts contain basically the same chemicals as their branded counterparts but are made and packaged differently and are usually cheaper.

10th of the NHS drugs bill.

250m a year, is due to a legal anomaly which effectively cuts the patent protection on certain products on which patents were taken out before 1978.

The mainstream, or research-based, drugs industry in Britain has argued for several years that the so-called "licence of right" anomaly, which results from legislation in the 1970s to bring UK patents into line with pan-European law, is unfair.

It has won government support for the removal of the loophole, which is provided for under the Copyright, Designs and Patents Bill due to be stated and range of companies, including a few companies, including a few companies, including a few concerns such as Evans Medical concerns such as Evans Medical and Thomas Kerfoot and others which are owned by the assignificant presence in the UK on research into new formulations.

It has won government support for the removal of the loophole, which is provided for under the Copyright, Designs and Patents Bill due to be a significant presence in the UK on research into new formulations.

It characterises at least some been, however, relatively new concerns which have gained most of the limetight in recent years have been, however, relatively new concerns which have gained most of the limetight in recent years have been, however, relatively new concerns which have gained most of the limetight in recent years have been, however, relatively new concerns which are owned by the concerns such as Smith Kline & concerns such as Evans Medical and Thomas Kerfoot and others which have a significant presence in research-based drugs companies, the UK on research into new formulations.

The mainstream industry companies, including a few concerns such as Evans Medical and Thomas Kerfoot and others which have a significant presence in the UK on research into new formulations.

The mainstream industry companies, including a few concerns of the US, and Thomas Kerfoot and others which have gained most of th

ally should be removed by the summer.

Behind the arguments lies a dispute, which in recent weeks has become noticeably more heated, between the research-based and generics sectors of the UK industry.

The generics industry's products contain basically the same chemicais as their branded counterparts but are made and packaged differently and are \$200m annualty or roughly as \$200m annualty or roughly as

to give it a licence to produce a copy of a branded formulation

copy of a branded formulation four years before the patent expires.

The research-based company is forced to comply with this procedure, as part of which the generics concern has to agree to give it a royalty on sales, although in practice many of the big companies spin out the negotiations as long as possible to limit the impact on their own marketing activities.

The licence-of-right discus-

Generics Uk.

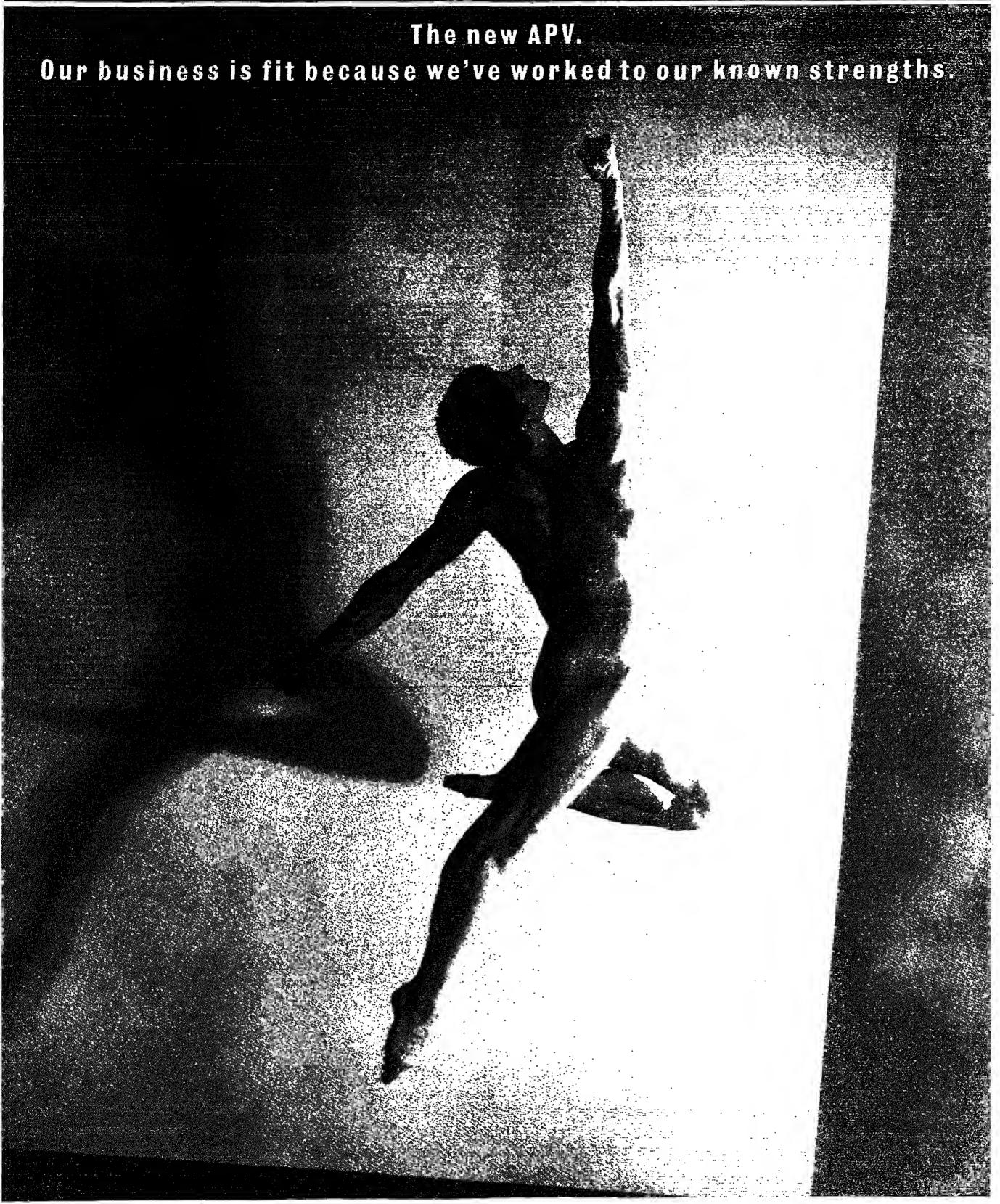
Under the licence of right by the US concern was the procedure, a generics producer property of the company and can ask a mainstream company could not be used in granting to give it a licence to produce a licences to rival concerns. If the judgment, which is subject to a possible appeal by the DHSS, were to be applied to the general case of product licences, it could greatly reduce the activities of the generics

This was obviously what Upjohn, a blg US research-based drugs concern, had in mind when last week it served notice that it would seek to make the ruling apply netro-spectively to an anti-insomnia drug called Halcion on which a licence of right, has already been granted.

Local authority finance project EXCO INTERNATIONAL, the money hroking subsidiary of British & Commonwealth, has

marketing activities.

The licence-of-right discussions concerning Tagamet have been especially contentious.
The drug is one of the UK's top selling medications.
Last month Smith Kline & For all the torrent of words effect that generics producers might have to conduct expensive new tests on look-silke versions of Tagamet before they obtained the necessary licences to sell their products.
The ruling followed from a judge's decision that drug trials data supplied to the DHSS, the



Certainly APV looks a new company. A Its enormously simplified, globally-based structure is new. But not everything is new. We brought together three companies—APV, Baker Perkins and Pasilac—because their existing strengths were so perfectly complementary. A Each was a world leader in food and beverage process plant. And each was committed to high-technology, high-quality, high added value product strategies. Together, their strengths reinforce each other. A Distribution is now globally co-ordinated. A broader product range makes it possible to offer more complete process plant solutions. Ideas, too, can interact freely: new R&D programmes offer benefits across the group. A So today, our business is fitter, more responsive, more dynamic. A But at the centre, its basic strengths—in food and beverage process plant, in chemicals, plastics and printing—have been proven over time.

The world's food engineers.

Alan Cane explains how senior management's resistance to computers is being broken down by the Macintosh

JUST WHEN IBM, the Goliath of personal computing, seemed to have the match in its pocket, little David has bounced back off the ropes to deal a telling blow. Compelling evidence is emerging in the US and

Europe that the productivity of white collar workers ses more dramatically if increases more dramatically if they use personal computers with features designed to make them "friendly" – such as Apple's controversial "Macintosh" family – rather than the industry workhorse, the IBM PC, with its formal, data processing approach.

data processing approach.

A clutch of research projects and case studies now suggests that the Macintosh approach may prove the best answer to one of the least tractable problems in promoting information technology in senior managers and executives to use computers them-selves rather than relegating their use to junior and secre-

The Macintosh, launched in 1984, was the first low-cost personal computer to feature "icons" (small pictures on the screen representing activities such as filing or word pro-cessing) and the "mouse", a screen pointer controlled by rolling it over the desktop.

Derived from ideas developed in the early 1970s by the Xerox organisation in Palo Alto, it was a breakthrough in computing for non-experts but it was not a success in the business world. It was small, under-powered and a little like a toy. The IBM PC, launched three years earlier, already had a tenacious grasp on the corporate personal computer market. In 1986, IBM had some 40 per cent of the worldwide PC market, with Apple in second place at just over 13 per cent.

In the past two years, however, anecdotal evidence has suggested that the Macintosh has established itself firmly in the business sector as the personal computer of choice with executives and occasional computer users who were put off by the complex-ity of IBM's PC/DOS operating system. Now the evidence

is firming np.

On the US, interim conclusions from a study by Peat,
Marwick Main, the management consultants, suggest that in personal computing, ease of use promotes use. "Productivity, quality, effi-ciency and effectiveness gains are reported by all levels of white collar workers from

Keyboard-shy executives lose hearts to the friendly Mac



vice-presidents to clerks." says the study. "Knowledge (white collar) workers, particularly, experience improved creativity, power of communi-cations and quality of work

• In the UK, the first conclusions are beginning to emerge from a pilot project involving networked Macintoshes and IBM PCs carried out at Trustee Savings Bank (TSB) headquarters, and monitored by the management consultants, PA (see accompanying article).

Jack Large, controller of But commercially, the tide slingshot to best effect wi financial services develop- seems at last to be turning, the summittion is at hand.



ment for the TSB says: "As of today, I believe the Macintosh is the most effective executive workstation available."

The image of Apple - an lconoclastic, hard to manage company - and the Macintosh remain a problem however. The company is "clearly a maverick in the computer industry," according to Gartner Group analyst Douglas Cayne. "Many people will not even consider Apple because of its image, refusing even to find out what a Mac really

says the study.

"Knowledge workers using the Macintosh," it continues, "seem to work with a greater

workers using manual process or competing technology."
"Because of ease of use, the workers have learned a large number of computer applica-tions and feel capable of starting and stopping a whole job without having to interrupt work to enlist the aid of

support personnel."
According to the study, knowledge workers report high daily use of the Macin-tosh. They find little need for

While Apple has a commercial advantage at present, as the ploneer of Macintosh technology, the competition is

catching up.

Digital Research's Gem software makes current IBM PCs look like a Macintosh. IBM's next generation operating sys-tem OS/2 for its Personal Sys-tem/2 machines will have a facility called Presentation Manager which to all intents and purposes confers the ben-efits of Macintosh technology. The Isunch of Presentation Manager, however, is still a year off. Little David will no doubt continue to use his slingshot to best effect while

Cayne argues that the Macintosh reached a critical level for viability in number of users and number of available software programs a year ago. There are now more than 1.5m users worldwide and Apple sells more Macs than any vendor, except IBM, sells

personal computers.

Among the conclusions from the Peat Marwick study, one of the most detailed ever undertaken of the benefits to be gained from using a particular model of personal com-puter, is the ease of use of the Macintosh. The Mac seems to promote greater use of the machine than what the study terms competing technology — in other words, IBM PCs run-ning PS/DOS as the operating system. "Broader and higher use provides many more opportunities for efficiency and effectiveness to occur,"

sense of immediacy than

not absolutely necessary and they do not forget what they have learned, even after a period of non-use.

Perhans most designed to automate the work of a group of people in the bank's financial services development (FSD) department as it brought a war for the perhans most development as it brought a war for the perhans most development as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department and the perhans most development (FSD) department and the perhans most development (FSD) department and the perhans most development (FSD) department as it brought a war for the perhans most development (FSD) department and the perhans most development (FSD) department and the perhans most development (FSD) developm training, a users' manual is not absolutely necessary and

all, they are willing to use product to market.

Macintosh in front of both A review of the superiors and subordinates. So the Macintosh may be pointing the way to the use of computers to promote white collar productivity.



imaginative use of Macintoshes by Jack Large (far left) and Haydn Taylor resulted in significant cost savings during the TSB project. Fewer secretaries were needed and the project team itself was smaller than most banks would consider necessary for providing equivaent results.

Why TSB said yes to Apple power

THE TRUSTEE Savings Bank, and presentations and the a recognised pioneer in electronic banking systems, is uncertation without extra almost a year into a pilot staff.
project in office automation
which opens the prospect of a new and more effective method of working, and which seems to validate productivity claims for the Apple

Based both in the TSB's headquarters in Milk Street, London, and in its Milton Keynes offices, the project was designed to automate the Perhaps most significant of still confidential) financial

> A review of the project - which the TSB calls "team systems" - by the manage-ment consultants PA concludes that real savings were

> •Fewer secretaries were required to support the team - only one for every five executives in the group. Elsewhere in Head Office, the ratio is typically 1:3 or 1:2.

> The project was rated equivalent in quality to those being undertaken by other major banks, but using a sub-stantially smaller staff.

Overall cost savings, even at an early stage in the proj-ect, were more than 20 per cent of the FSD division's total staff costs. Benefits less easy to mea-sure included the ability to support swift decision taking.

meeting tight timescales, pro-

duction of convincing reports

Jack Large, FSD controller, reckons that the new approach has cut the time taken to bring a new product or strategy from initial idea. to the promotion stage from several months to several

belief within FSD that it would function more effi-ciently if it shared work better, cut out duplication of effort, improved communica-tions and made better use of the available space and equip-

The starting point was that there are two principal ways in which staff in offices operate: team working, where a group works on a project or problem, and chain working (accounts or personnel are examples) where individuals work essentially as part of a

production system. FSD fits in the first category. It generates ideas for new products and group strat-egies, identifies problems in their development, analyses solutions, identifies alternatives and finally chooses and promotes the best option to the group's senior management Key activities are high quality document production and distribution, and fast and

Many of the group's work software including More, an The friendliness of the Mac-problems could be overcome, ideas processor developed by intosh seems to have played a large and Haydn Taylor, the Living Videotext of the DS. large part in the speed with group systems controller, rea-group systems controller, rea-soned, if each member of the Tve seen so far Large working was accepted.

puter and was connected by telecommunications lines to every other member ("connec-

tivity").
TSB has a strict rule, how-

reluctance among some of the involved in traditional IBMstyle personal computing.
Large, an Apple enthusiast, argued persuasively that the barriers might be broken down if Macintoshes were accepted as the personal computer of choice.

His view was accepted the

His view was accepted, the in April 1987 the project went ods linked into YesNet, the investing both Macintoshes and Olivetti PC clones in a complicated system involving both local and wide area net-

Large's belief in the Macintosh as a friendly machine was vindicated. PA reports that members of the group were getting benefits from the whole organisation, system, without much train. What the Team Systems ing, in three weeks. Some pilot has ploneered is a rapid members of the group were approach to the introduction using the system for up to 75 of office systems, giving team per cent of the working day members speedy access to a compared with conventional range of powerful and sophisoffice automation trials where 25 per cent is excep-

number of powerful pieces of hardware, software including More, an The frier

enthuses. Other programs include Microsoft's "Excel" spreadsheet and "Omnia" rela-tional database software from the UK company Blyth.

TSB has a strict rule, however, that only IBM PCs or PC Haydu Taylor accepts, the company

There was a well-recognised reluctance among some of the company munications engineers suggested waiting until interna-tional standards for the interconnection of computers of different makes (Open Systems Interconnection or OSI) arrived before attempting the Team Systems link up. In the end he was able to in the team together using a mixture of Apple and Digital Equipment networking meth-ods linked into YeaNet, the that messages, documents and figures can be shunted round the FSD group at high speed -but there is some way to go before it can be applied to the

ticated computer based tools. And at low cost the whole TSB experiment has cost only Group members use a small about \$50,000, including



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lears are only artified to vote lib-lears are only srdited to vote lib-sley have delivered to us at the address-strown below, no later than 1200 hours. on Wednesday, 20 January 1985, writ-ten details of the debts they claim to be due to these hour the doctory, and that their claims have been duly admitted-under the provisions of Pale 3.11 of the insolvency Rules 1980; and there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Signed:
Signed

MANAGEMENT EDUCATION AND TRAINING

Publication date 22 March 1988 Copy Date 8 March 1988 The Financial Times proproses to publish this Survey on the above date. A number of areas will be covered including:

What is to be done about British Management? * How do Managers actually think?
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es all inquiries or suggestions concerned with the editorial conforthis Survey to the Surveys Editor. Advertising information can be obtained from Jacqueline Keegan Tel 01-248 8000 extension 3740 or contact your usual Financial Times representative.

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How France puts innovation on the map

BY CHARLES BATCHELOR

TAKE A journey on one of financial support and mana-France's high speed TGV gerial advice to encourage expresses; watch a Paris busi-innovation by industry. resman use his desk-top minitel screen to call up information; even use one of the superioss which have replaced the traditional ect, repayable once the product of the pro streets of many French the commercial market. Aid towns. Few visitors to France may be given as a straightfor-can fail to notice the coun-try'e willingness to innovate the project fails repayment and the impact this has had on everyday life. The agency will, for exam-

national prestige ensures the new product or will help say, an engineer with the costs of for the smaller company innovation remains as difficult an exploit an idea. enterprise as it is anywhere.

try and to improve the climate for small business have in recent years put further pressure on technology aid programmes, most notably those run by ANVAR, the National Agency for Applied

Research.
But while overall funding for ANVAR has been cut, the agency has acted on govern-ment instructions to increase its support for smaller companies - those employing up to 500 people - so the sums available to support innova-tive technologies in these businesses are now slowly on the increase.

smaller companies fell mercial launch, slightly to FFr699m (£69m) in The need to 1986 from FFr706m the year company thro 1986 from FFr706m the year before but accounted for 74 per cent of ANVAR's reduced budget compared with 64 per cent in 1985 Area and contains a scale of costs. For every rest many changes backed by the 1986 from the tracked to 1987, 35 per cent stages of the innovation that failed while 38 per cent pudget compared with 64 per ing scale of costs. For every rest many classification. (The per cent of ANVAR's reduced cess is clear from the escalat, were indeed successful. (The budget compared with 64 per ing scale of costs. For every rest were classified as "undecent in 1985. After falling in franc spent on technical cided".) This compared with a 1986 and 1987 the total budget will be seeded failure rate of 30 per cent and to prepare a prototype and a matching success rate of 30 FK7950m this year, helped by between FFr6 and FFr10 to per cent for companies generabout FFr325m of repayments from earlier investments.

The increased emphasis but innovators face higher which the agency is now put than average risks, according to the patents and the expertise to several new initiatives.

It plans a campaign fact that they do not have a

developed in government laboratories were put to commerthroughout 1988, to convince markedly higher failure rate cial use, ANVAR was given a smaller companies that they than companies in more estab-wider brief in 1979 and now should make better use of the lished fields is in itself a provides a broad range of sources of technical information major achievement.



It will also fund the investi-Government attempts to gation of a product or its rationalise support for indus-

How successful has all this effort been in promoting innovation? The limited figures potential market to allow a available show a success rate project to move from the for projects backed which difstage of an idea to a proto- fers little from that of small



Support for

Ada was developed by the

three men when they were

still employed in the research centre at CII-Honeywell Bull, the large French computer

use by the US military.

software

capital investors.

But while new technology is ple, help a company finance tion that are available. It will as much in vogue in France as the cost of calling in design or meet up to 75 per cent (up to it is in the rest of Europe and marketing consultants for a a maximum of FF77,500) of the cost of detailed market

research. • It will encourage greater

smaller companies recruit highly qualified technical and scientific staff.

• Finally, with an eye on the proposed creation of a single internal European market in 1992, ANVAR will increase the backing it gives to projects with a European dimen-

type and then on to its com-mercial launch. Of 42 companies backed by The need to back a small ANVAR in the late 1970s and

FFr65m, nearly twice the 1986 figure.

Alsys turned to ANVAR in 1986 for funding to help develop a compiler, a programme which allows n computer to translate instructions into compater-usable form, and obtained about FFr4.5m slightly less than it wanted but a useful chunk out of a FFr11.5m development programme,

ANVAR jibbed slightly at funding a programme to enhance a software product rather than develop a completely new product - bat two months of very detailed discussions got Alsys most of what it wanted, says Morel.

Other official assistance has come in the form of development contracts - funding which is repaid in the form of royalties when a product is brought to market - from the French telephone administration and under the EC-wide Eureka programme for financing new technologies.

But Alsys has raised most of its money from a group of venture capital organisations led by Banexi, part of the Banque Nationale de Paris, and funds such as the French arms of Si and Advent. Together they own one third of Alsys's shares with the

of Alsys's shares with the research institutes and industry, meeting up to 75 per cent of the cost of collaborative reckons his company has received about 20 per cent of its funding from technology compilers for different comstudy of ways of helping smaller companies recruit French government and the second stage, which should take it to the early 1990s, of European Community. Most take it to the early 1990s, of of the rest, about FFr100m in devising management systems all, has come from venture and systems for debugging

It has had lucky breaks on Alsys, based in La Celle Saint-Cloud to the west of the way - IBM unexpectedly Paris, is developing software applications of a computer language, Ada, invented by Morel and his two co-founders Jean Ichbiah and Jean-Claude Heliard. which faces many young com-panies hungry for growth: the slowness of customers to con-vert interest into firm orders. Establishing a new com-puter language is a consider-

able challenge. "It takes ten years for a group. They began work on the project in response to an open competition launched by the US Department of Defense the US Department of Defense trength of French government to be a cademic world, and the strength of French government to be a cademic world, and the strength of French government to be a cademic world. computer language to find a

to find something to replace the babel of languages then m ment support for new technology, some government depart-Morel and his colleagues to adopt Ada in their com-left Bull in 1980 to set up puter departments because it Alsys. It now has operations was devised for an American on Route 128 near Boston, market.

Mass and at Henley-on- "Even though Ada was
Thames in Britain as well as developed in France by a

in France. It employs 140 peo- French team the US label has ple and broke even for the caused us some problems,"
first time in the second half says Morel. "We are hoping of 1987. Turnover in the for government approval in whole of 1987 was about 1988." UK innovation

A way out of the gloom

SMALL FIRMS in Britain are failing to innovate. This is not because of a shortage of schemes to promote new products and processes but because they are unaware of the need and they do not know how to tap the sources of advice and assistance that are available.

This is the conclusion of a report*, Promoting Innova-tion in Smaller Firms, from the Smaller Firms Council of the CBL These findings are undoubtedly gloomy, but this may well be due to the fact that the study team concentrated on companies in tradi-tional industries with established product ranges and on companies heavily dependent on major contractors which set the design and quality specifications for their suppliers.

However, it did also look at companies developing a new product or a new technology, where innovation was vital. and at companies in an established but specialised market where continuing innovation was equally centrai to survival

The study suggests ways of Improving the innovative performance of small business in the areas of marketing, personnel, information and finance, Marketing was considered the key to innovation but many failed to understand its strategic importance or lacked adequate market

intelligence, the report says.

The Government had launched a Support for Marketing scheme in 1986 · providing subsidised advice to small companies - but had failed to fund it adequately.

The Department of Indus-

try should make sure enough money is available in future and broaden the scope of the scheme, the report urges.

The CBI called for government departments to devote a certain percentage of their outside R & D budget to smaller firms on the lines of the Small Business Innova-tion and Research scheme in

the US, which sets aside up

to 1.25 per cent of departmental budgets for placement with smaller compacompany managers to make more use of MSC training

schemes, the report calls on universities and colleges to encourage students to join technical projects in small firms so the companies can benefit from academic expertise. The CBi plans to publish a leaflet advising companies about the facilities of local

 Universities should encourage staff members to spin off high technology enterprises by fostering links with enterprise agencies and venture capital funds.

 To make academic research more accessible to small companies and reduce the cost of making use of databanks the report sug-gests subscriptions should be bought by the government's Small Firms Service. This could then provide one-off searches for smaller firms at little or no cost.

• Larger companies should band together to form technology networks" which would allow members to exchange information and expertise on the lines of a scheme already operated by the North West Association for New and Improved Tech-

nology.

The report also urges the creation of an "exchange and mart" service to exploit ideas which large companies or academic institutions cannot develop. This would be a mechanism to identify such projects and then arrange to exchange the technology between interested parties.

*Price \$3 from CBI, Cen-tre Point, 103 New Oxford Street, London WC1A IDU.

Leash loosened on Loan Guarantees to basinesses which had

SOPHIE MIRMAN, enterprising founder of the Brit-ish Sock Shop chain, is one of the better known users of the Government's Loan Guarantee Scheme. But for much of its short life the scheme has languished on the shelf rather like the dull brown tights and the grey woollen socks Mirman's creatlons are designed to

Last week, however, the Government made it easier for small businesses to make use of the scheme - at least for loans of up to £15.000.

replace.

Under the scheme the Government guarantees 70 per cent of the value of loans made by the banks - up to a maximum of

£75,000 - for a 2.5 per cent First launched in 1981 to encourage the banks to lend

exhausted conventional loan channels or which had a slightly riskier proposition to fund, the scheme ini-tially met with an enthusiastic response. But subsequent modifications have made the scheme less attractive.

was a formality but it could add a week or more - a long

time to a small business strapped for funds - to the time taken to approve the loan.

is a government decision to allow the 2.5 per cent guar-antee premium to be paid as a lump sum in advance

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which is incorporated in the loan. This will vastly sim-plify the calculation of the annualised percentage rate of interest on the loan which the banks are obliged to calculate under the Consumer Credit Act which took fuil effect in May

National Westminster Bank says it had to write a special programme for its central computer to allow branch managers to calcu-late the APR on loans under the scheme.

Demand for the loans has been increasing recently from a low point in 1985/86 but they still totalled only £31m in the first seven months of the current financial year compared with a peak of £199m in the whole of 1982/83.

Charles Batchelor

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KLEINWORT BENSON LTD V MALAYSIAN MINING CORPORATION BERHAD Queen's Bench Division (Com-mercial Court): Mr Justice Hirst: December 21 1987

A LETTER of comfort forming an important and integral part of a commercial are aware...they have been agreement made for consideration, has contractual status if its wording is apt to create a contract, and if the common intention that it should not be legally binding.

Mr. Institute and in the agreement first and in the above the common intention that it should not be legally binding.

sian Mining Corporation Ber-had under a letter of comfort furnished by Malaysian to

subsidiary, to operate as a ring dealing member of the

and Kleinwort. Kleinwort in the comfort letter were not out the traditional task of offered Metals a facility of \$5m intended to and did not impose ascertaining what common any legally binding obligation accertaining what common intentions should be ascribed to support Metals.

The main question for the the ...documents in question and the surrounding circum-arrayanh was contractual in the comfort letter were not out the traditional task of ascertaining what common intentions should be ascribed to the parties from the terms of the ...documents in question and the surrounding circum-arrayanh was contractual in the comfort letter were not out the traditional task of ascertaining what common intentions should be ascribed to the parties from the terms of the ...documents in question and the surrounding circum-arrayanh was contractual.

guarantee the loan. paragr Malaysian said its policy was status. Malaysian said its policy was status.

not to guarantee its subsidiaries' borrowing. Kleinwort that an agreement, though suptherefore proposed that it ported by consideration, was proper construction of the

issued to Kleinwort.

The letter of comfort where an agreement did not referred to the £5m facility and stated: "(1) We hereby confirm that we know and approve of these facilities and are aware...they have been the agreement related to busing the confirm to the confirm that the confirmation th

ing.

Mr Justice Hirst so held when giving judgment for the plaintiff, Kleinwort Benson Ltd, on its claim against Malaysian Mining Corporation Review.

above arrangements.

Early in 1985 the facility was increased to \$10m. On the col-lapse of the tin market in Octo-Kleinwort in support of a loan lapse of the tin market in Octo-to Malaysian's subsidiary, MMC ber 1985 Metals ceased trading Metals Ltd.

HIS LORDSHIP said that in 1983 Malaysian Mining formed time the full \$10m had been

MMC Metals as a wholly-owned subsidiary, to operate as a Kleinwort demanded immering dealing member of the London Metal Exchange.

Metals required substantial wards Metals went into liquisched with the court or should mean what the court or shoul

paragraph was contractual in stances.

ness affairs, not social or domestic matters, the onus of proving there was no such intention was on the party who asserted that no legal effect was intended, and the onus was heavy.

onus was heavy.
In Chemco Leasing, unreported July 19 1985 (upheld
in the Court of Appeal [1987]
FTLR 201), Mr Justice Staughton said with regard to letters
of comfort, that when businessmen wished to conclude a bargain but could not agree on some particular aspect, it was not uncommon for them to adopt language of deliberate equivocation so that the con-tract might be signed and their

extra funding. There were discussions between Malaysian distion. Malaysian renounced arbitrator decided they meant cussions between Malaysian liability. It said the statements — Nevertheless, I must carry and Kleinwort. Kleinwort in the comfort letter were not out the traditional task of

The present court had to should furnish a letter of comfort.

Malaysian's directors decided
by formal resolution that Met
Chitty on Contracts 25th ed

proper construction of the written words in their surrounding circumstances, and
creating legal relations (see
by formal resolution that Met-

Comfort letter binds tin company

pointed to the contrary, alent to a guarantee.

Mr Stamler argued that he That was not accepted could satisfy the burden of There was a substantial differestablishing non-contractual ence between a guarantee and status on three main grounds:

First, he said the court A guarantee was usually started with an equal and opposite presumption that ing of which was not susceptiwhere ambiguous words had to be to much debate. It usually be construed, they must be contained detailed and stringent to facilitate

was the proponent.

The submission was rejected. The contra proferentum rule only applied where the wording was ambiguous. Here the wording was not ambiguous. Second, Mr Stamler submit-

ted that as a matter of construction the contrast between the opening words of the might be problematical. More proper construction in its conadmittedly contractual paraover, the claim would not be for text it did have contractual stagraph (2) of the letter, "We a liquidated sum, but for damtus. confirm", and the wesker phraseology in paragraph (3), "It is our policy to ensure", showed that paragraph (3) was intended to be non-contractual.

cal and categorical. There was scope for a contractually binding obligation.

greater strength would have been added to paragraph (3) if that begun "we confirm that it is our policy..."

The wording of the first strength was unequive the confirm that the confirm that it is our policy..."

Malaysian there was no further For Kleinwort: Mark Waller OC and Nicholas Padfield (Herbert Smith)

That was not acceptable. The For Malaysian: Samuel Stamone simply did not follow the Ier QC and Julian Gibson other, particularly having wat (Freshfields) regard to the normal character.

The wording of the crucial

evidence might however be undertaking admissible to show that what Third, Mr Stamler argued appeared to be a valid and that the surrounding circumbinding contract was in fact no stances, and in particular the contract at all (see Chitty, appreciation by both sides that para 805).

Mr Waller for Kleinwort accept joint and several liabiliteled on Edwards v Skynogs. Ity or to enter into a guarantee, the submitted there was a strongly supported displacement of the presumption.

Mr Waller for Kleinwort accept joint and several liabiliteled on Edwards v Skynogs. Ity or to enter into a guarantee, strongly supported displacement of the presumption.

Mr Waller for Kleinwort accept joint and several liability or to enter into a guarantee, strongly supported displacement of the presumption.

Mr Waller for Kleinwort accept joint and several liability or to enter into a guarantee, strongly supported displacement of the presumption.

Mr Waller for Kleinwort accept joint and several liability or to enter into a guarantee, strongly supported displacement of the presumption.

to create contractual relations.

He submitted that it the critical relations call paragraph was accorded to the contrary.

Mr Stamler argued that he That was not accepted.

That was not accepted.

be construed, they must be contained detailed and strin-construed, contra proferen-gent provisions to facilitate tum, and that here kleinwort prompt enforcement in case of default. And it usually gave default. And it usually gave rise to a straightforward mone-tary claim for a precisely ascertainable figure enforceable

under Order 14.

By contrast, a paragraph of the present kind often provoked debate as to its construction. Order 14 proceedings

The underlying premise on which the argument was based

als should be authorised to para 123).

as to what they thought the The wording of the crucial istics of negotiations of the accept the facility, and that a in Edwards v Skyways contract meant or was paragraph was completely apt present kind, where parties letter of comfort should be 11964] I WLR 349 Mr Justice intended to mean. Extrinsic to constitute a contractual rarely succeeded in obtaining istics of negotiations of the present kind, where parties

their full objectives but tried to obtain terms as near as possi-ble thereto.

None of Mr Stamler's three points carried conviction.

points carried conviction.
On the other side a number of considerations strongly reinforced the presumption of a legally binding obligation:
(a) Kleinwort clearly acted in reliance inter atia on the paragraph when agreeing to advance 55m and then 510m;
(b) it was of paramount importance to Kleinwort that Malaysian should ensure that Metals was at all times in a position to meet its liabilities; (c) it was also treated as a matter of importance by Malaysian's directors, as was shown by directors, as was shown by their formal resolution.

In business matters it was a prerequisite for defeating the presumption of contractual status that the contrary was expressed so precisely that outsiders might have no difficulty in understanding what they mean (Lord Justice Scrutton in Rose v Frank [1923] 2 KB 251).

The crucial paragraph sig-nally failed that test. On its

There was a plain breach of contract for which Kleinwort was entitled to recover damwas that once a formal guarantee had been rejected by for £10m pins interest.

Malaysian there was no further For Kleinwort: Mark Walter
scope for a contractually bindQC and Nicholas Padfield

By Rachel Davies

Digest of cases reported in the Michaelmas Term

Whitsbury Farm and Stud Ltd v Hemens (Valuation Officer) (FT, December 15)

The European Food & Drink Industry The ratepayer in the present case argued that buildings used for the raising and keeping of thoroughbred horses were used To: Financial Times Conference Organisation 2nd Floor, 126 Jermyn Street, London SWI Y 4UJ Tel: 01-925 2323 Th:: 27347 FTCONF G Fax: 01-925 2125 solely "in connection with agri-cultural operations" under section 26 of the General Rate Act 1967 and were, therefore, not lia-ble to rated under the Act. in dismissing the argument, the House of Lords held that although the adjacent land was used for pasture and therefore for agricultural operations, the buildings served a separate pur-pose and were not used "in con-nection" with such operations. Moreover, the buildings did not

qualify as being used for the keeping of livestock under the Rating Act 1971 as "livestock", by definition, had to be used for

the production of food, wool, or for use in farming land. Euro Diam Ltd v Bathurst (FT. December 16) Euro Diam's managing director understated the value of an invoice on a parcel of diamonds, destined for Germany, in order to mislead the German customs authorities into charging less tax on importation. The diamonds were stolen and Euro Diam claimed under its policy of insur-ance for which it had entered the diamonds' proper value and paid the full premium. In hold-ing that the underwriters were

FROM DECEMBER 15 TO DECEMBER 22:

not entitled to resist Euro Diam's claim on public policy grounds, the Court of Appeal stated that Euro Diam did not have to rely on the false involce to establish its claim. Euro Diam also did not gain any benefit from understat-ing the diamonds' value so that the maxim, ex turpi causa non oritur actio, failed.

.C&L

employee of Textron so that a renewal reminder was over-looked and the patent lapsed. Textron sought to restore the patent under section 28 (3) of the Patents Act 1983, which allowed a patent to be restored where its proprietor (a) had the dismonds value so that the defence to its claim, based on taken reasonable care to see that the maxim, ex turpi causa non oritur actio. failed.

Re Textron Inc

(FT, December 18)

Where its proprietor (a) man taken reasonable care to see that the renewal feel was paid and (b) those fess were not paid because of circumstances of circumstances of incomplete the control. In upholding the

oritur actio. failed.

Re Textron lac
(FT, December 18)

Textron devised a system for refusal for restoration under checking against its records whether or not a patent was being abandoned. In the instant case, a mistake was made by an Textron's employee was not a granting a declaration that the control and and quently resolved that pending its adoption, the practice should adoption, the practice should continue on its terms. Clause 17 to expel in certain circumstances. Mr. Bingham sought to dissolve the partners resolved that pending its adoption, the practice should continue on its terms. Clause 17 to expel in certain circumstances. Mr. Bingham sought to dissolve the partners resolved that pending its adoption, the practice should continue on its terms. Clause 17 to expel in certain were to be avoided when it was sought to dissolve the partners resolved that pending its adoption, the practice should continue on its terms. Clause 17 to expel in certain were to be avoided when it was sought to dissolve the partners resolved that pending its adoption, the practice should continue on its terms. Clause 17 to expel in certain sought to dissolve the partners resolved that pending its adoption, the practice should continue on its terms. Clause 17 to expel in certain were to be avoided when it was sought to dissolve the partners resolved to expel in certain were to be avoided when it to dissolve the partners.

Appeal held that on their ording the continue on its terms. Clause 17 to expel in certain were to be avoided when it was sought to dissolve the partners. Appeal held that on their ording the continue on its terms. Clause 17 to expel in certain were to be avoided when it was sought to dissolve the partners. Appeal held that on their ording the continue on its terms. Clause 17 to expel in certain were to be avoided when it to dissolve the partners.

the state business from the broken and the state

circumstance beyond its control partners had validly expelled and that payment of the fee was him, Sir Nicolas Browne-Wilkin-not the subject of a duty on its son V-C stated that on the true not the subject of a duty on its partners but a prerequisite of patent's continued existence.

Waiters and Others v Binghair.

Bingham v Waiters and Others

(FT. December 22)

In a firm of solicitors, a final draft of a new deed of partners taken and a partnership at will ship was prepared and circulated, and the partners subsequently resolved that pending its subsisted, in modern professional partnerships with numerous quently resolved that pending its som V-C stated that on the true construction of the minutes, the partners had agreed to adopt the final draft for an indefinite period, ending when the new permanent deed was executed. But even if a contrary view were taken and a partnership at will be period, ending when the new permanent deed was executed. But even if a contrary view were taken and a partnership at will be period, ending when the new permanent deed was executed. But even if a contrary view were taken and a partnership at will be period, ending when the new permanent deed was executed. But even if a contrary view were taken and a partnership at will be period, ending when the new permanent deed was executed. But even if a contrary view were taken and a partnership at will be period, ending when the new permanent deed was executed.

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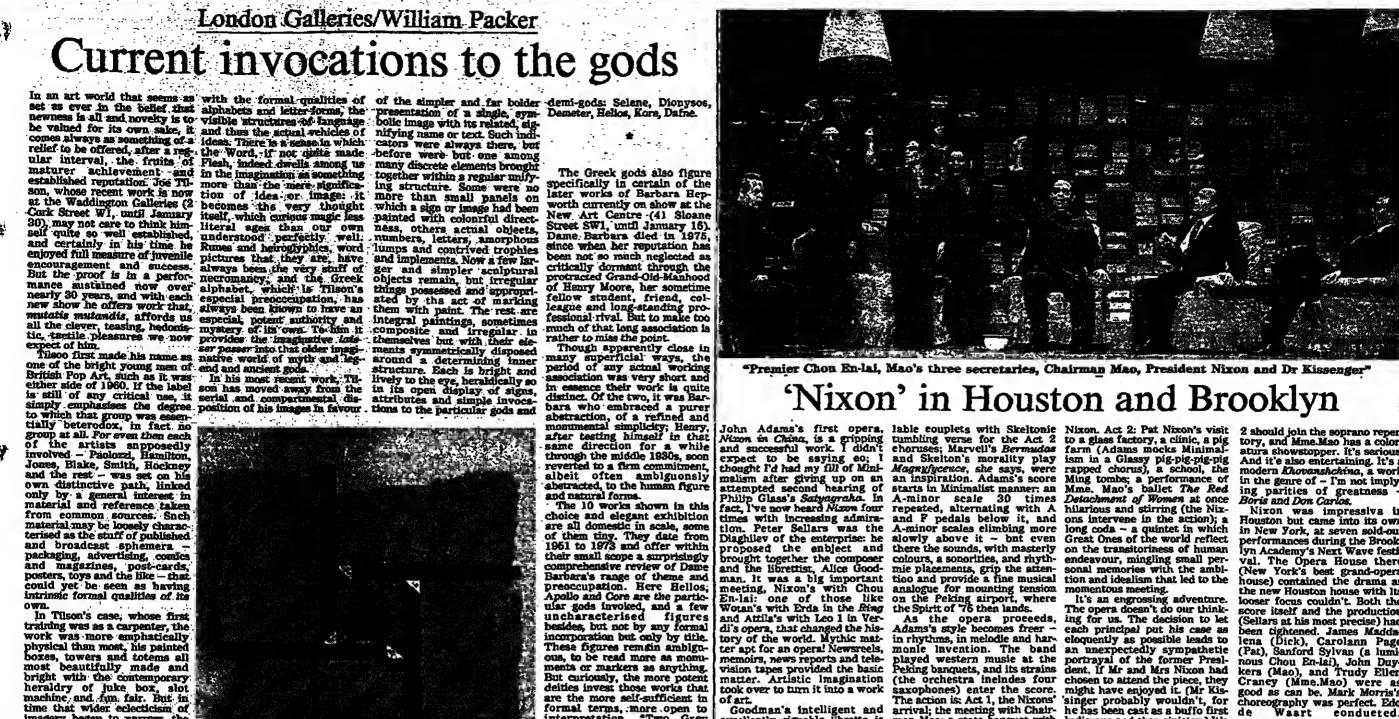
The state of the s

Current invocations to the gods

heraldry of juke box, slot machine and fun fair. But in time that wider eclecticism of imagery began to narrow, the work becoming at once more closely defined and imaginatively demanding. The paradox is that by an apparent limits-tion in material and subject matter the work has become more truly catholic for the particular references current in the work now over many years have brought to it imaginative



But curiously, the more potent deities invest those works that are the more self-sufficient in formal terms, more open to interpretation. "Two Grey Shafts," "Three Forms (Low Tide)" or "Goonbilly September" invite speculation that is more truly open and ambiguous, for they remind us that farthest Cornwall was Dame Barbars's adopted country, an ancient landscape of standing ancient landscape of standing stones, circles, monuments and habitations, memorials still to unliterary, unremembered but not yet unthought-of and inac-



"Premier Chou En-lai, Mao's three secretaries, Chairman Mao, President Nixon and Dr Kissenger

'Nixon' in Houston and Brooklyn

memoirs, news reports and tele-vision tapes provided the basic matter. Artistic Imagination took over to turn it into a work

Che orchestra includes four chosen to attend the piece, they saxophones) enter the score might have enjoyed it. (Mr Kis-The action is: Act 1, the Nixons' singer probably wouldn't, for arrival; the meeting with Chair-he has been cast as a buffo first de of art.

The action is: Act 1, the Nixons' singer probably wouldn't, for Goodman's intelligent and arrival; the meeting with Chair- he has been cast as a buffo first excellently signable libretto is man Mao; a state banquet with ludicrous and then sinister.) It's written in near-rhyme octosyl- speeches from Chou En-lai and melodious: Pat's big aria in Act

2 should join the soprano reper-tory, and Mme.Mao has a color-atura showstopper. It's serious. And it's also entertaining. It's a modern Khovanshchina, 2 work in the genre of - I'm not implying parities of greatness - Boris and Don Carlos.

Nis and Don Cards.

Nison was impressive in Houston but came into its own in New York, at seven sold-out performances during the Brooklyn Academy's Next Wave festival. The Opera House there (New York's best grand-opera house) contained the drama as the new Houston house with its looser focus couldn't. Both the score itself and the production (Sellars at his most precise) had been tightened. James Maddalena (Dick), Carolann Page (Pat), Sanford Sylvan (a luminous Chou En-lai), John Duykers (Mao), and Trudy Ellen Craney (Mme.Mao) were as good as can be. Mark Morris's choreography was perfect. Edode Waart conducted. the new Houston house with Its

for trumpet, vibraphone and but not followed up in the struct only one of the magical "Pass-strings, the British premiere of opera itself, rather than preliming Clouds of Abandon" and which will be the highlight of the final coacert on Wednesday. In some ways the series is analogous to the BBC's survey that would be explored. Son, the self-contained mime performances of all three interindes with an entirely electron of Stockhausen at the Barbican described an impressively that shortly before the end the final coacert on Wednes-day. In some ways the series is analogous to the BBC's survey of Stockhausen at the Barbican of Stockhausen at the Barbican four years ago; each concert has a theme, illuminating a separate facet of Birtwistle's creativity, and they are surrounded by a programme of lectures, films and foyer events designed to round out the portrait. The first concert on Sunday evening concentrated on the Orpheus works: three of the Orpheus-related pieces prefaced a concert performance of Orpheus-related pieces prefaced a concert performance of The Mask of Orpheus again 18.

the second act of The Mask of months after the Coliseum perOrpheus with the principals of formances regenerated the

Jane Manning an impressively that, shortly before the end, land ductor of the BBC Singers in the further riches that facet intringed and On the Skeer intrin

intricacies of the enchanted sound world; only a rather-Sheer Threshold apoilt the magic

formances regenerated the formances regenerated the excitement of that occasion. Exactly 50 years after clarinetist Ray Wordsworth. Act 2 is the most self-contained, Benny Goodman made jazz his-extrinsically dramatic section tory by taking his band into New Barbara Jay (who sang with extrinsically dramatic section tory by taking his band into New Barbara Jay (who sang with York's Carnegie Hall, a similar Benny Goodman and his orchester. the English National Opera pro-excitement of that occasion. duction of 1986 recreating their Act 2 is the most self-contained. The three pieces in the first half of the concert — The Fields of Sorrow, Nenta: the Death of Orpheus, and On the Sheer Threshold of the Night — framed the composition of the opera during the 1970s and early '80s. Hearing them now, with a knowledge of the composition of the composition of the composition of the opera during the 1970s and early '80s. Hearing them now, with a knowledge of the composition of the composition of the opera during the 1970s and early '80s. Hearing them now, with a knowledge of the composition of the composition of the opera during the 1970s and early '80s. Hearing them now, with a knowledge of the composition of the composition of the opera during the 1970s and early '80s. Hearing them now, with a knowledge of the composition of the composition of the opera during the 1970s and early '80s. Hearing them now, with a knowledge of the composition of the operation operation of the operation ope

hensively articulate; his atterego, Orpheus the Myth, was Nigel Bobson. Likewise Euridice was shared between Jean Rigby and Ethna Robinson, while Marie Angel was a spectacu-larly abrasive Hecate. It was was enough to remind one of the further riches that facet of the work offers, and how a concert performance of the six phony Orchestra fitting into the scheme with admirable accom-plishment. A better start to the ing experience.
The complete command with Birtwistla festivities could which the ENO singers and the hardly be imagined.

> Benny Goodman's Carnegie concert commemorated

'Perestroika' at the 30th Leipzig Film Festival

Ronald Holloway

habitations, memorials still to uniterary, unremembered but mot yet unthought-of and inactive gods.

Rore, 1986, by Jee Tilson**

Birtwistle/Barbican Hall

Birtwistle/Barbican Hall**

**Brandiess Farade* is the title for concerts organised by the BBC at the Barbican this week. But Barbican this week of counterary with their differences. They represent the work than by thou, we open of the last 50 years on Birtwistle. It is also the creative paths generative only one of the magical "Pass-for trumpet, vibraphone and strings, in permission of the magical "Pass-for trumpet, vibraphone and strings, in Paris to the proposed to a spread in the creative paths generative gods.

Although the Grand Prix at the linking in the most yet unthought-of and inactive gods.

Although the Grand Prix at the linking in the most yet unthought-of and inactive gods.

Although the Grand Prix at the linking is fertieved by the farmed for formous (Central most yet unthought-of and inactive gods.

Although the Grand Prix at the linking is fertieved by the farmed for formous (Central members) and relevision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK" for short the revision (November 20-25) - "30 DOK that scored as the collective make Ukrainian farmers more Hers), open-ended discussions winners of this festival sched-

change blowing from the east, the festival was also the occasion of the first press conference given abroad by the Soviet
Union's new film minister,
Alexander Kamshalov. This

Liter lestival was also the occus
Simllsr naked questioning
charged the content of a whole
series of quite extraordinary
documentaries from the Soviet press conference - a standing Union. Mark Soosaar's Men of room only event - took place Kichnu Island (Tallinn Film nearly a full year after Kamsalov replaced at Goskino (State Committee for Soviet off Estonia due to the transfer

wimers of this festival schedwimers of this festival scheduled in a key slot at the end of
the season's circuit.
Situated in the heart of the
German Democratic Republic, a
land conspicuously unreceptive
these days to the winds of
these days to the winds of a restless Latvian youth in the

Similar naked questioning Cinematography) the outgoing of its collective farm status to Filip Yermash, whose distinctibe mainland and the state's the filip Yermash, whose distinctive legacy over the previous 17 decision to educate the island-years had been a shelf full of about 100 banned, cut and otherwise censored feature films in addition to half as many more documentaries considered then to be too sociocritical for general release.

The mainland and the state's decision to educate the island result – besides obvious unemployment for those who drink every day those who drink every day expent surdey and those who to be too sociocritical for general release.

Two current perestroika documentaries programmed at Leipzig are well known to professional critics and festival

and Ews Borzecka's I Was born an Angel, a disheartening view of children growing up in an understaffed orphanage. Czeehoslovak documentaries, too, emphasised the desparingly human: Olga Sommerova's Beating the Habit deals with the growing problem of women alcoholics in the country, while Pavlina Moskalykova's Power to the Fitted deplores arread. to the Fittest deplores spread-ing violence and criminality

able care of mentally retarded and otherwise neglected chil-dren at a state institute. And dren at a state institute. And Andras Der and Laszlo Hartai's Pretty Girls (Hungary), a prizewinner at the Budapest and Manoheim festivals, hits a nerve in asking why the suicide of the winning young contestant in a beauty contest should great have come to pass particular. ever have come to pass, particularly as such phenomena are more common to the west than

the east.

stimulating than in this jubilee year. There was even the example of new working relations between capitalist and socialist exponents of the documentary. irmgard and Bengt von zur Muehlen were on hand for the festival presentation of their remarkable The Children of station in the artic north about the lack of sufficient living facilities (Alexei Ghelein's Med-vezhye - What Next?). Polish documentarles at July 20th, about the fates of families involved in the con-Leipzig, already honed in the spiracy to kill Hitler. Their next tradition of the socially Chronos Film project, Estonia engaged "black film" of the in the Gorbachev Era, now in mid-fifties, found an apprecia-tive eeho in Boguslawski's policies of glasnost (openness) Leader, a portrait of a young as currently being practised in ex-drug addict trying to help teenagers to break the habit, Union. A year ago, the very Union. A year ago, the very possibility of a camera team from the west roaming around a Baltic republic and interview ing at will almost every impor-tant personage in sight was unthlnkable. Today, however, repotable filmmakers are more than welcomed: Perestroika

exported.
Finally, there is a good reason for returning to the 31st Dok-film Leipzig in November '88. For which other film festival in among the young.

Among personal favorites,
Nikolai Volev's House No. 8
(Bulgaria), a prizewinner at cert in the Neues Gewandhaus?
Oberhausen last spring, pulls
no punches in depicting in an experimental vein the question—

Arts guide

Opera and Ballet LONDON

Boyal Opera (Covent Garden). The latest Rossini opera to join the Royal Opera reperiory is Litaliana in Algeri, in a new production by Jean-Pierre Ponnelle (borrowed from Vienna). Agnes Balusa, Paolo Montarsolo, Deon van der Walt, and Alessandro Corbelli make up the cast; that excellent Rossinian Gabriele Ferro is the conductor. English National Opera (Colineum). Valerie Masterson sings her first Marschallin in the revival of Der Rosenhavaller, with Jean Righy and Rosa Mannion, conducted by Christian Badea. Further performances of two Jonathan Miller productions

the celebrated Mails style Rigo-letto, with John Rawnsley, and the fact, dully unfamny new Barber of Seville, with Delig Jones's Rosina as the evening's single important sav-

PARIS Paris Opera. Orphee aux Enfers is conducted by Lothar Zagrosek with Michel Senechal, tenor, dominating Jean-Louis Martinoty's production of Offenbach's joyous parody of Gluck (47425750). ITALY

Milian, Testre alla Scala. Verdi's l Due Foscari conducted by Gianan-drea Gavazzeri, and directed by Pier Lingi Pizzi, who also designed the sets and costumes. The cast

includes Renato Bruson, Alberto Cupido, Linds Roark-Strummer, Luigi Roni and Renato Cazzaniga, (30 91 25).

ducted by Riccardo Chailly, wim Juan Pons, Martha Serm, Mariella Devia, Daniela Dessi and Paolo Coni. (52 99 99).

(30 91 25).

Rome, Teatro Dell'Opera. La Boheme, directed by Sandro Sequi with costumes by Peter Hall and sets by Pierluigi Samaritani. In the cast are Miwako Matsumoto, Veriano Luchetti, Roberto Scandiuszi and Domenico Trimarchi, conducted by Miguel Angel Gomez Martinez. (46 Misselfe in Roband Petit's L'Angele Azzuro, based on Heinrich Mann's novel Professor lineat. (63 19 48).

Bologna, Teatro Communale. Falstaff in co-production with the Theatre de la Monnaie in Brussels, con-

WEST GERMANY

Berlin, Deutsche Oper. Die Fledermaus leatures Carol Malone, David Grilfith and Barry McDaniel. Der Freischutz is steered to triumph by Rene Kollo, as Max. Dan Carlos, sung in Italian, has a strong casz with Sharon Sweet, Ute Walter, Andreas Schmidt, Martti Taivela and Harald Stamm. Also in the repertory are The Magic Flute and Lucia di Lammermoor. (34 38 1). Hamburg, Staatsoper. This week's highlight is Otello with star tenor Piacido Domingo in the title role, Katiz Ricciarelli and Piero Cappuccilli. Don Pasquale brings Helen Kwor, Paolo Montarsolo and Urban Malmberg together. Carmen, Il Trovatore and Turandot completes the week. (35 11 51). Cologne, Opera. Der Rosenkavalier

week. (35 11 51). Cologne, Opera. Der Rosenkavalier has a strong cast with Margaret Marshall, Theresa Ringholz, Delores Ziegler and Gunther von Kannen. Die Italienerin in Algier has Doris Solfel, Alberto Rinaldi, David Kubler, John del Carlo, and will be conducted by Ralf Weikert. (20 751).

761). Frankfurt, Opera, Iphigenie in Auris Frankfur, Opera. Iphigenie in Auris and Iphigenie auf Tauris offered in a concert version, with Helena Doese, Glemys Linos and John Brocheler. Der Fliegende Hollander is steered to triumph by Simon Estes, brilliant in the title role. John Cage's Eurpoeras 1 & 2 round off the week. (25 62 1).

Sautgart, Wuesttembergisches Staarstheater. Das Rheingold, in a concert version conducted by Peter Schneider has Eva Randova, Raili Viljakainen, Manfred Juog and Roland Bracht as leads. Also Die Enthuhrung aus dem Serail, conducted by Hans Zender (20 321)

Munchen, Bayerische Staatsoper. La

Munchen, Bayerische Staatsopor. La Boheme stars Katia Ricciarelli, Julis Conwell and Francisco Araiza, Le Nozze di Fisaro is a Gunther

Rennert production. Rigoletto has Mariella Devin, Daphne Evangelatos and Thomas Woodman in the main parts. Die Frau ohne Schatten is an event of more than passing interest with Mechthild Gessendorf, Brigitte Fassbaender, Gwyneih Jones and Robert Schunk. (21851).

January 8-14

NETHERLANDS Kristian de Chatel Dance Group with Staunch. Groningen, Ooster poort. (Wed). (13 10 44)

NEW YORK

'Metropolitan Opera (Opera House)
James Levine conducts Pabrizio
Melano's production of Pelless et
Melisande with Frederica von
Stade, Anthony Rolfe Johnson and
John Macurdy. Sir Peter Hall's production of Macbeth conducted by
Giuseppe Signophi features. Evi duction of Macbeth conducted by Giuseppe Sinopoll features Eva-Marion, Renato Bruson and Samuel Ramey. Manuel Rosenthal conducts Die Fiedermaus in Otto Schenk's production with Barbara Daniels, Judith Biegen, Tatlana Troyanos, David Rendall and Sid Caesar. Linguis Caesar. (200 5200)

David Rendall and Sid Caesar. Lincoln Center (362 6000).

New York City Ballet (New York State Theatre). Nikolais and Louis. Two choreographers with their own companies, Alwin Nikolais and Murray Louis, team up for a fiveweek season leaturing seven programmes, including a number of premieres. Ends Jan 17.

WASHINGTON

Washington Opera (Eisenhower).
The season continues with the seldom performed L'Amico Pritz by Mascagni in repertory with Ruddigore. Kennedy Center. (254 3670).
HMS Pinafore (Opera House). Brian-Mcdonald's production stars Ron Moody and Meg Bussest. Kennedy Center. Eads Feb 6 (254 3770).

'Mahabharata' to be seen in UK

for the Arts awarded the Arts. Council in November for inter-

support the company. Last summer the Arts Council an increase announced that unless Kent inflation. Opera could raise \$200,000 through its own efforts its grant would be terminated at the end of the 1988-89 season. Now the money seems to be seenred and Kent Opera will continue to receive Arts Council funding.

The Arts Council is preparing a list of approved business eccountants who will advise arts organisations on ways in which they can improve their efficiency. This is the first step in the process of receiving additional cash under the new incentive funding proposals. In February the Arts Council will Issue guidelines on the incen-tive funding scheme and until June at least four pilot schemes,

Peter Brooks' interpretation of the Indian epie "Mahabharata" consultants, to provide case hiswill be seen in the UK after all, tories for general use. By Septhanks to a \$40,000 grant from tember the Arts Council expects to receive details from its clipresented in Glasgow in March ents on how they hope to and becomes the first arts event to be financed from the additional revenue the Minister for the Arts awarded the Arts. Three year development plans should also be submitted by

Council in November for international projects.

The Arts Council is currently assuring clients, especially the smaller arts organisations, that any incentive funding is extra aid on top of basic core funding to funding to funding the summan county Council is to financially support the company. Last they should not all anticipate an increase in grant in line with A.T.

New Parsifal at Covent Garden

The Royal Opera's new production of Parsifal, directed by Bill Bryden and designed by Hay-den Grifin, opens on January 28 with Bernard Haitink conducting. The cast includes Peter Seiffert in the title role, Wal-traud Maier, Robert Lloyd, Simon Estes and Willard White. Willy Russell play

for West End Willy Russell's new play Shir-ley Valentine, starring Pauline Collins and directed by Simon Callow, will open at the Vandeville Theatre on January 21.

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Tuesday January 12 1988

Mr Takeshita in Washington

announce the end of all pro-tection now affecting US agri-barriers in the Japanese marcultural exports to Japan. He ket. will not do this: nor should he
on a purely bilateral basis.
Rather than offering presents to increase its defence spendto the US, in the manner of ing by more than 5 per cent a his country, he ought to be year. More than that, it is there receiving grateful making what seems to be a American thanks and even handing out some advice of defence of the Gulf by underwriting more of the cost of

There is indeed a big differseveral by his predecessor, Mr Yasuhiro Nakasone. Mostly, Mr Nakasone was obliged to deploy his considerable political wiles to keep the US sweet while pushing through a number of necessary reforms at home. His ace card was his personal relationship with President Reagan.

Mr Takeshita, on the other hand, has no need to establish a similar rapport because Mr Reagan is in his last year of office. But, more important, he is in a position to demon-strate to the US that Japan has done much of what has been expected of it.

Alleged barriers

His credit ledger must start with the performance of the Japanese economy. Far more than West Germany, Japan is, on the basis of the last halfsurplus nations are expected to. The Japanese economy is actions expanding at a healthy clip, having absorbed the shock of an appreciated yen by prom-oting domestic demand. Fiscal austerity, while not forgotten in Tokyo, has at least been

THERE IS one thing that Mr have both risen by 20 per Noboru Takeshita. the Japanese Prime Minister, could do us has not shared in this in Washington this week to growth may owe more to the please his hosts. He could shortcomings of American

On security issues, Japan writing more of the cost of maintaining US forces in ence between this maiden Japan. Given the value of the visit by Mr Takeshita and the yen, this is relief the US

This does not mean that the

Difficult defence

Japanese are now without fault. Japan is talking a great deal about contributing more to the international debt problem but the colour of its money is as yet indistinct. The \$2bn Mr Takeshita offered the Asean nations last month in Manila looked a bit too commercially oriented for comfort. A larger role for Japan in solving East Asia's debt problems and promoting growth in the region should be a much higher priority. There are parts of official policies, in government procurement and the taxation of whisky for instance, which show that old protective attitudes die hard. More important, there remains a large year's figures, doing what gap between the announced policy of government and the actions of bureaucrats responsible for regulating But his most difficult

defence will be on the agricultural front. The latest Japanese submissions to the GATT relaxed with some effective on this subject leave much to pump priming last year and a be desired. It may be true budget for the next fiscal that opening up Japanese year, starting in April, that agriculture would shave less

VISCOUNT Whitelaw will be sorely missed by the British Government. His resignation Commons, becomes Lord Pres-Commons, becomes Lord President of the Council; his position as counsellor will undoubtedly be enhanced, but

at the weekend on medical advice leaves Mrs Thatcher without a deputy, without a leader of the stature necessary to command the House of Lords, without a trusted lieutenant able to assume an authority second only to her own and, above all, without a friendly counsellor able to say, with forceful effect, "No, Prime Minister, that simply Checks and balances

The unfortunate conquence is that one more were seen to be a say to be a say

She may not regret the absence of a deputy (no replacement has been appointed), but her Government's legislative programme will probably run into greater difficulties in the Rouse of Lords under the stewardship of Lord Belstead, the new Conservative leader, than it would have under that wily old fixer, Lord Whitelaw. She has other trusted lieutenants, but none so weighty as "William one so weighty as "William of the work of the state lie" when in the chair of the unofficial public expenditure arbitration committee, or that other key Cabinet committee, home affairs.

Political stature

It is, however, in the role of friendly counsellor that Lord Whitelaw will be most missed. This needs explaining, for his attitude has been widely mistingerstood. He has not, at least in his most recent years, behaved like a secret "wet," hostile to the thrust of Thatcherite policies. This he would have regarded as disloyal. He has instead chosen to behave, in the terminology of Downing Street, as "one of us" - a tough politician whose aim has ever been to see the Thatcher-led programme carried forward. This has not, however, reduced the sensitivity of his political antennae: Lord Whitelaw has been a most accurate condult of hard on Lord Whitelaw's successor but in the works of his a most accurate conduit of hard on Lord Whitelaw's suc-what will and will not be cessor, but in the wake of his acceptable to the party, both resignation the upper house houses of parliament, and the has a greater responsibility

he has some years to go the political stature of Lord

The unfortunate consequence is that one more voice of caution will have faded away. The Prime Minister has acquired the confidence of any politician who has won three elections in a row and atands a very good chance of winning a fourth. The various opposition parties are in dis-array in parliament, while the opportunities to pursue non-Thatcherite policies in local government are being circum-scribed by a mixture of rate-capping and new legislation. The diasentera within the Conservative Party are heavily outnumbered, without influence and anyway divided between those who genuinely disagree with the policy and those who appear to be merely disgruntled at the loss of office.

In short, the usual checks and belonces the checks and belonces the control of the control of

country. than ever to exercise its revisit is hard to see who will ing function to the full

IF THE Chancellor of the Exchequer decides to seize his opportunity in the coming budget to introduce a tax reform get to introduce a tax reform worthy of the name, he will be following the example of a number of Britain's main trading partners. The United States, Australia and New Zealand have all introduced big tax reforms in the last few years; West Germany and France have pursued more modest tax pursued more modest tax reform; and Japan and Ireland have contemplated drastic overhaul of the tax system but backed down on part or all of

what lessons could Mr Law-son learn from these attempts? Of them all, the American example is the most publicised: example is the most publicised:
many Americans and a few
Britons have been little short of
ecstatic about the US Tax
Reform Act of 1986. It is not,
however, without flaws.
The claim – frequently made
– that US personal income tax
has been reduced to the two
low rates of 15 per cent and 28
per cent requires a reservation.

per cent requires a reservation.
Over a middle range of income
there is, in effect, a marginal
rate of 33 per cent as personal allowances are phased out for the better off; once the allow-ances have gone the rate will drop to 28 per cent again. More-over, these are federal rates

real simplification has occurred; in particular the corporate income tax, with its minimum tax alternative, is fiendishly complicated. Then, too, it is not only the naturally sceptical who doubt whether the reform will last. It faces interest group processing which est group pressures, which have proved very powerful in the past, and the budget deficit paid by the ordinary working casts an ominous shadow.

Why, then, has the reform Broadly speaking two been so applauded? Partly approaches to tax reform can because of the dramatic cut in be distinguished – the incre-

Cedric Sandford, in the second of two articles, sees a great opportunity open to the UK Chancellor in his next Budget

A unique chance for

a further package in 1988 to each individual from a revenue lead to a personal income tax at neutral package was not wholly

drop to 28 per cent again. Moreover, these are federal rates only: the states also impose income taxes.

The big reduction in personal tax rates in the US was achieved partly by transferring \$1 20 bn of tax burden from the personal to the corporate income tax. There is no agreement amongst economists about who really pays corporation tax — the shareholders, the workers, the consumers; what is agreed is that in the end it is borne by people — "business" as such cannot pay tax.

Again, one of the objects of success in the US, where tax of success in the US, where tax of success in the US, where tax reform will be welcomed, or at least accepted. This goes some as such cannot pay tax.

Again, one of the objects of success in the US, where tax of success in the US, where tax reform will be welcomed, or at least accepted. This goes some of success in the US, where tax reform the degree of success in the US, where tax reform the lead to a personal income tax at a single rate probably between 20 and 30 per cent.

What makes for successful tax reform and why have some countries been more successful tax reform and why have some than others?

Ironically, the worse the tax system to begin with, the more tax to success. The Irish Tax Commission's package was not wholly clear — but in each case reform may have been helped because almost everyone could identify tax reform and why have some than others?

Ironically, the worse the tax system to begin with, the more tax is a single rate probably between 20 and 30 per cent.

What makes for successful tax reform and why have some countries been more successful usually benefits which increased his range of choice.

A package does not ensure successful usually benefits which increased his range of choice.

A package does not ensure successful usually benefits which increased his range of choice.

A package does not ensure successful tax reform and why have some countries been more successful tax reform and why have some countries been more successful tax reform and why have some cou sagreed is that in the end it is least accepted. This goes some borne by people – "business" as way to account for the degree of success in the US, where tax Again, one of the objects of the US tax reform was to simplify the tax system, yet, excepting individual taxpayers at the bottoms of the scale, no

obviously rotten

because of the dramatic cut in be distinguished – the increrates; partly because – it is mental and the package. To
claimed with some justification civil servants the incrementalthe income tax cuts have not ist approach is always attracreduced the progressiveness of tive. It means working in the tax system; partly because the tax system; partly because the tax revenue will fall; less gaining of the House and the bargaining of the House

Japan to push through the broad based consumption tax.

and tax reforms present an instructive contrast. A series of unsuccessful tax reform proposals by Labor Governments in Australia over the years led Bob Hawke the Prime Minister, to insist on the need for consensus on a tax reform programme. To this end a "Tax Summit" was held in the summer of 1985 to which representatives of business, trade unions, social service organisations and a few apecialist academics were invited. The Government presented

Paper on tax reform, containing the Government's preferred package, but also certain options. Mr Keating, the Treasurer, wished to introduce a broad-based consumption tax. In face of opposition to this proposal, the Government dropped it. Consequently the scope for cuts in income tax was considerably reduced and the Treasurer was left to do his best to improve the wholesale taxes, which are necessarily of narrower base and more dispump priming last year and a budget for the next fiscal year, starting in April, that shows an overall increase of 4.8 per cent. Further stimular in the supplementary budgetary process, can be expected. Japanese foreign and in the surplus with the supplementary budgetary process, can be expected. Japanese foreign and in the financial system and opening up Japanese markets has proceeded apace, to the financial system and opening up Japanese markets has proceeded apace, to the beat a contracting trend in the trade surplus is now discerbible. Imports from the European Community

The revising role

The Australian and New Zealreformed is obviously rotten, absolute terms. The Institute the most important ingredients for Fiscal Studies estimated the most important ingredients for Fiscal Studies estimated of success for major tax reform that (in 1984) 63 per cent of the seem to be a comprehensive benefit of zero rating and exclupackage, which may need to sions from the VAT base went include social security provito households with above aversions as well as tax measures; a ge incomes. The Institute also Finance Minister who believes demonstrated how a combination to higher ligation tax

Belolum

Denmark

W.Germany

Greece

Ireland

Portugal

United Kingdom *

Spain

ment to prepare the way and win over opposition.

Mr Lawson, searching for lessincomes of those below average sons relevant to Britain, might earnings at the expense of the summit with a draft White wish to focus on the case of those above. New Zealand, perhaps the most successful tax reformer of recent years. Its success rested on the introduction of a pack-age of income tax and welfare measures, conceived and implemented as an entity in which the key element was a broad-based VAT at a single rate including fuel and clothes, argued for with conviction and

determination.

VAT in the UK is on a very VAT in the UK is on a very narrow base: standard rated items account for less than 60 per cent of consumer spending. While housing and financial services are very difficult to include within VAT, some 30 higher rates of include within VAT, some 30 higher rates of include within vAT, some 30 higher rates of income and increase the efficiency of the tax system.

Lament A VAI rate of 30 per cent could be added each year to the presently zero-rated products and the other changes could be similarly phased. The annual increase in the retail include within VAT, some 30 higher rates of income tax, price index would then only be improve the distribution of of the order of 1 per cent. The income and increase the efficiency of the tax system. clothes, books and newspapers do not raise administrative difficulties. They have been excluded on distributional grounds or because they are in some sense considered goods whose consumption should be encouraged.

Both arguments are invalid -or at least there are better ways of achieving the objec-

Certainly the zero-rated items have the effect of making VAT a mildly progressive tax, because the poor spend a larger proportion of their income on them than the better-off. But the rich spend much more in

Neither of these are insupera in the package and is prepared tion of higher income tax to stand or fall with it; a Prime thresholds, and increased child Minister who will back up the benefit, pensions and social Finance Minister; and a willing-security benefits, paid for by ness on the part of the Governextending VAT at the standard rate to food and fuel, could be used to increase the real net

> Not only would a broader VAT base provide the means to improve the distribution of income and remove illogicali-ties, it would also minimise economic distortions, which cause loss of welfare, and reduce both the administrative and the conpliance costs of taxation.

> Buoyant tax revenues and a rapidly diminishing public sec-tor borrowing requirement give

4-9 per cent) would be applied under the EC Commission's proposals for VAT harmonisation. If the UK imposed a standard rate of 15 per cent on these products it would cut across And levying a standard rate on the zero-rated products would mean a substantial rise in the retail price index, which could set off an inflationary spiral.

The author is Professor Emeritus at the University of Bath and former Director of the Bath University Centre for Fiscal Studies. the Commission's proposals.

And levying a standard rate on
the zero-rated products would

Neither of these are insupera-ble difficulties; either of two courses could be followed. The bold course would be to imple-ment the reform in full in one Bridget. As the lower income-groups would not lose by the changes, there is no reason for a knock-ou inflationary effect if the measures are properly presthe measures are properly presented. As for the Commission's proposals, these have yet to be agreed and, if agreed, member states are free to choose their own paths as long as the goal is reached by by January 1, 1993. If the proposals are agreed, the standard rate could be adjusted upwards as the lower rate was applied to the designated range of products in a revenue neu-tral charge. As the table shows, the UK has one of the lowest standard rates of VAT and it is near the bottom of the permit-

The alternative would be to present the package as a whole, but implement it gradually throughout the life of the parliament. A VAT rate of 3-4 per cent could be added each year to the presently zero-rated products and the other changes products and the other changes. parliament as would the full implementation of the tax reform. If it became clear that the Commission's proposals were to be implemented, then the VAT increase on the goods listed for the reduced rate could be stopped after the second year and the full implementation of the tax reform completed by a rise in the standard rate on the remaining goods.

The man from Havana

As if Wall Street did not have enough troubles, the commercial banks are chipping at one of its last lucrative franchises, the takeover business. At the head of the big bank assault is none other than the blue-chip

Morgan Guaranty Trust, and its 42-year-old mergers specialist, Robert Mendoza.

Mendoza, a firebrand of a man, born in Cuba but educated at the Roman Catholic school, Dewrent Mendoza, a firebrand of a man, born in Cuba but educated at the Roman Catholic school, Dewrent Mendoza fire Roman Catholic school, and the Roman Catholic school, and the Roman Catholic school fire Roman Catholi Downside Abbey in Somerset, last week staged a coup when he was chosen to advise F. Hoffmann-La Roche In Its aggreasive \$4.2bn offer for Sterling Drug. Wall Street Is buzzing like a wasp's nest. Mendoza pipped out Roche's main investment bank. First Roston investment bank, First Boston and its master tactician, Mr Bruce Wasserstein. Sterling Drog, which has been a client of Morgan Guaranty, says the bank has had access to confi-dential information and is act-

ing unethically.
Some bankers are not at all surprised. They say Mendoza is as skilful as any highly-paid Wall Street star, that he costs less and that the Morgan bank is just going back to its roots, when J. Pierpont was America's great corporate power broker before the Glass-Steagall Act bust up his empire in the 1930s. bust up his empire in the 1930s. As for Mr Wasserstein, he is said to be plotting the most ter-rible intervention in the Sterling Drug affair to regain face.

Hanging by silk

The thirteenth Earl Ferrers who was yesterday appointed deputy lead of the House of Lords, has an interesting ancestral past as well as a possibly intriguing future.

The fourth Earl was the last

man to be hanged by the silken rope at Tyburn in 1760. "In a paroxyam of rage," the reference books say, "he killed Mr Johnson, his land-steward, was tried and convicted for murder."

the same the same and the same

OBSERVER

plead insanity, but - the present | Earl saya - did it so well that he was judged to be sane.

Not that it has put the family off the death penalty. Ferrers said yesterday that he had no objection to it being put on the record that he is in favour of capital punishment.

Also yesterday be was appointed minister of state at the Home Office. One is not quite sure that that would have happened when Lord Whitelaw was still at the height of his powers. Hanging is about to reemerge on the political agenda.

Marching south

■The strains of On Ilkla Moor Baht'at (southern translation: On Ilkley Moor without at) are likely to be ringing out in the Cheapside branch of Yorkshire Bank in the next few days. Graham Sunderland, generated eral manager and chief execu-tive officer has plenty to sing

tive officer has plenty to sing about.
Sunderland, who sings with the likley Choral Society in his apare time, has broken a 128-year tradition to become the first general manager in the bank's history to be appointed to the board of directors.
Yorkshire Bank, owned by clearing hanks National Westclearing banks National West-minster, Barclays, Lloyds and the Royal Bank of Scotland, has previously maintained a tradition of non-executive directors on the board, leaving manage-ment to look after the day to

ment to look after the day to day running.
Sunderland, 55 has been with the bank 40 years, joining straight from Elland Grammar School. He was appointed general manager in 1978 and has steered the Yorkshire on a steady programme of expansion, spreading increasingly The fourth Earl was the last man to be hanged by the silken sion, spreading increasingly southwards at the rate of about seven new branches a year. The latest opened yesterday in Grantham, the Prime Minister the dand convicted for murler. He had been instructed to seven new branches a year. The latest opened yesterday in Grantham, the Prime Minister home town where the pennies look after the pounds. The bank was doing brisk trade with 123



"You mean I can't order until you see what the dollar closed at in Tokyo?"

new accounts in the day.

He says that there may be a future need to establish some dual head office functions in the southeast, though the head-quarters would remain in

course, it's the flat "a" that gives them away.



Graham Sunderland is not Graham Sutherland, the late artist with whom we confused him yesterday. "I'm used to it by now, to tell you the truth," he said. He has, however, an artist's eye for detail and claims that inbreeding of bank employees develops recognisable characteristics. "Yoo can nearly pick out who works for Lloyds or who works for Nat West," he says, not by the width of their pinstripe or their resemblance to a horse or a gryphon, but by their adherence to a corporate stance or ethos. In the Yorkshire Bank, of course, it's the flat "a" that Graham Sunderland is not

Learning curve

with the average life of a Brazilian finance minister now down to under 10 months under

down to under 10 months under the administration of President Jose Sarney, one wonders why Mailson da Nobrega has agreed to take up the job.

After all, his predeccessors - Franciso Dornelles in 1985, Dilson Funaro (who banned inflation by decree) 1985-87 and the late Luiz Carlos Bresser Pereira 1987 - bave all left the job shaking their heads.

Senator Roberto Campos, who

shaking their heads.

Senator Roberto Campos, who as Planning Minister (1964-67) in effect held the finance brief, has a theory that Brazil's top economic job has now become simply a good starting point for someone with career ambitions.

"Nobrega is only 45,"he said.
"The job will raise his profile and give him a start in politics.

Bedstead

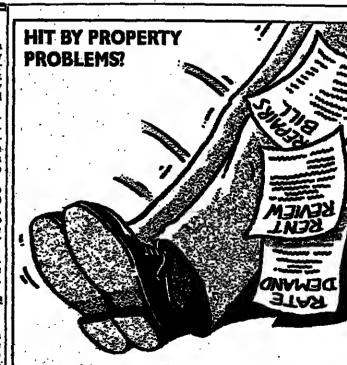
*For those who recall John Belstead, the new leader of the House of Lords, in his first job wielding authority as a prep school master at Selwyn House, Broadstairs, he was best known as a gangling man whose known as a gangling man whose spindly legs were more than exposed when he indulged in his beloved tennis. As John Ganzoni, he earned the schoolboy knick-name "Gazooks", but when his father's title was revealed he immediately became "Bedstead".

Right stuff

Some people have no respect for royalty. Ovation Ltd, the Middlesex Bendy toy and fancy goods makers, have isunched a new line of Charles and Diana pyjama bags featuring stuffable ministure effigies of the heir and his wife dressed in their nightshirts.

Ovation managing director Anthony Neufeld said: "I expect the line to be a popular choice in gift shops. I do not expect it to overtake our rubber Californian raisin which has

Californian raisin which has proved a runaway success in the United States."



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CGT still falls foul

From Mr. Peter J. Riesman. Sir, Your editorial (January 8) on taxation is both timely and interesting but appears to miss the point on the subject of

capital gains tax (CGT).

Since 1979 successive Conser.

Sir, Your editorial Tax chalvative governments. all pledged lenge for the UK* (January 8) to the eradication of inflation — suggests that there is militely have continued to operate a system to be a better opportunity for tem of taxing gains on capital far-reaching structural reform that gives gainful employment to this side of the 21st century."

an army of accountants.

yet ends on a carrieraly dismis-

yet ends on a curiously dismissive note about inheritance and capital gains fax reform. (It is a novel idea that low taxes serve only to encourage avoidance. Many may feel that it is high Taxation of capital gains in its present form discourages the mobility of investment and continues to ignore the gains of the 1970s by omitting any indexa-tion for inflation. The current system is difficult to operate, impossible for most people to understand, and falls foul of the Government's intention to sim-The breakup of large fortunes may encourage the afficient use of capital, as claimed. Unfortu-nately, however, the present

plify tax.
If it is the Chancellor's intention further to reduce income tax in the forthcoming Budget, he might at the same time consider the abolition of the current

store the acciment of the current capital gains tax system, and simplify its replacement.

He might, for example, find favour in a system which taxes gains taken within one year at the standard rate, while gains taken on assets held for over taken on assets held for over three years would become exempt by means of a sliding scale, similar to that employed in Scandinavia. At the same time he would be able to eliminate indexation and the professional fees associated with it.

Peter Kleeman,

Allside Asset Management Com-

7 Old Park Lane, WI

Mellor visit may have helped

From Mr Annal Harris. Sir, Many here share the international community's anciety that a just and peaceful resolution of the Palestine problem

David Mellor's visit this week may have been a contribution to this resolution. You report (January 7) that before he left he urged that the international peace conference "should produce a settlement with guarantees for Israel, such as full demilitarisation of the West

states to increase their territory by military means. At each
attempt they have failed, and 12 Badgers Croft,
these failures have enabled Totteridge Village, N20 called on the PLO to abandon or at least amend the National Charter - its policy statement which declares (clause 19): "the establishment of the State of Israel (to be) illegal" and that (clause 9) "armed struggle is the only way to liberate Palestine" – his contribution would

have been seen as more con-His credibility among those here struggling for a solution that will keep Israel Jewish, democratic, and faithful to its Declaration of Independence to "ensure complete equality of social and political rights to all its inhabitants," would likewise have been increased.

Ansel Harris, 31 Shderot Ben Maimon,

Confusion may be aggravated

From the General Secretary of the Trades Union Congress.

Sir, Your article yesterday (January II), concerning proposala to give reduced Labour. Party subscriptions to union members, is headed: TUC to look at curprice Labour membership. "Save the Nail".

The owners of many torn,
To this end may I ask all split, scratched or otherwise users of that useful and ubiquidamaged finger nails will be tous piece of equipment, the most grateful for this, as will... stepler, to reverse the striking Mary Smith, plate to "pin" instead of "sta- Fosse Beck, ple". This is a simple operation Beocriey, which enables attachments. Pateley Bridge, such as cheques, to be detached. Harrogate, North Yorkshire

The article itself contains no reference to the TUC. Of course, as a matter of tradition and practice the TUC certainly plays no such part in internal Labour Party affairs.

l write because the common mistake of confusing these activities of leading trade unionists or unions with those of the TUC may be aggravated wheo a heading like this appears in a paper with a deserved reputation for accuracy. Norman Willis,

Congress House, Great Russell Street, WC1

Sign languages needed on a CV

From Mr John Curran.
Sir, Poor Gordon Neal, having to assess candidates for jobs on the Continent without all the signs by which you judge peo-ple in the UK - accents; educa-tion and previous employment."

(FT Management Page, Decem-

Yet in practice, partly as a result of the very inflexibility complained of the introduction of PRP is proving to be relatively etraightforward for many companies. This is certainly true for smaller business. Obviously a case of "When one Englishman opene his mouth ... snother Englishman calculates his CV." nesses, where the introduction of other tax-effective arrange-ments (such as share schemes) can be far more complex.

John M. Curran.

Flat 4, 21 Notherall Gardens, NWS

I would agree that, in princi-It would be better to introduce limited competition

From Mr F.E. Bonner

Owned.

As Martha Hesse, the chairbuying capacity that they did not always need, and at prices the electricity supply industry. Commission, has exceeding their avoidable costs. I want to draw attention to the problems involved in promoting arisen; there will have to be imisation strategy for the bias competition in generation and running a separate grid. What must be avoided; in

considering the organisation of tha industry under privatisa-tion, is making changes which could well increase the cost of producing electricity and reduce the standard of security. Since 1978 US utilities have been subject to competition from qualifying facilities mainly co-generators under the Public Utility Regulatory Poli-cies Act. That has led to a debate in recent months as to which about 77 per cent of the generating capacity is investor

ding could equally be applied to cult - if not impossible - to F.E. Bonner, supplies from independent achieve proper co-ordination Joya, 20 Craigweil Manor, power producers as well as and despatch of power from a Adwick, qualifying facilities. Under multiplicity of small generating Bognor Regis, present arrangements, utilities mits. West Sussex

changes. The avoided cost of investment decisions approach to pricing purchases towards less capital intensive from private generators, like plant with relatively high fuel our own Energy Act, has raised and running costs — which and running costs - which means the wrong plant mix. our own Energy Act, has raised and running costs — which difficulties, so it is now being means the wrong plant mix, suggested that this should be hence higher costs, per kilowati remedied by introducing competitive bidding as a means of determining price, but which would also involve taking nonprice criteria into account, to ensure, inter alia, reliability of service.

Moreover, competitive biding could equally be applied to colt—if not impossible—to

tuned and carefully operated on a minute-by-minute basis. To introduce a series of non-co trollable elements, such as inde-pendent power producers, into, the operation of the system could have serious implications for its reliability.

It would be a pity if we threw away the economic benefits which have already been achieved for theoretical ones which have never been proven in practice - and at the same time reduced reliability. It would be far better to introduce limited competition which could evolve over a period.

Letters to the Editor Easy way to ensure

structure results in draconian

penalties suffered by those whose fortunes are not, relatively, large, but merely the outcome of sensible domestic property buying and prudent investment of savings. Such a penalty might be, perhaps, the loss to their heirs of 50 per cent of their estate when they die. of their estate when they die.

This is not the break up of large fortunes; it is the devastation of much smaller ones. Certainly this tax can be mitigated by lifetime transfers, but why

The prudent are heavily penalised

termination of Israel.

DOES IT HAVE ANYTHING FOR GETTING

For want of a nail...

Sir, it is my earnest hope that ment or to the recipient's finger 1988 may become the year of nail.

"Save the Nail".

The owners of many torn,

PRP is more useful than it appears

From Mr Richard Percival.

Sir, Philip Bassett'e article (January 5) highlighted the generally poor response to the Government's initiative of

profit related pay. While sharing some of the views expressed regarding the inflexibility of the legislation, I believe that PRP could be a useful addition of the remunera-

tion package for many more businesses than are currently

It appears that many employers have been discouraged by the apparent - or reported complexity of the regulations, even though the Inland Revenue guidance notes are far

clearer and better presented than many documents issued by

that body.

registering schemes.

without damage to the attach-

The owners of many torn,

ple, companies may find it diffi-cult to integrate PRP with existing, carefully designed, remuneration arrangements.

However, it is surprising to learn that where those arrange-

learn that where those arrangements already include a profit related element, the company is unable or unwilling to utilise the PRP legislation to pass on a tax benefit to its employees. Even though this was not the Government's objective, this seemed to be the most likely way in which schemes would initially be introduced.

Unlike others, we have found that to register a PRP scheme is

course be successful.
Richard Percival,
Buck Paterson Consultants,

STAPLES OUT OF CHEQUES?

taxes which have that effect.)

It is a matter of opinion

whether taxes on capital transfers have been "excessively" scaled back in the past decade.

From Mr L.A. Hoffman.
Sir, I was interested to read in your edition of January 7 Mr David Mellor's statement on his return from largel. He says that he can not be desided as "some

young pup..."
While I have no desire to

While I have no desire to indulge in any such decision. I feel I must point out that he appeared to be speaking either with no knowledge of how the situation of the Arabs under Israel administration arose, or turning a blind eye to it.

The further one delves into history the greater is one's understanding of the position. In the interests of brevity I shall go back no further than 1947 (spart from pointing out that Palestine has no tradition of sovereign independence). In

return on capital were about British cameraman who disaptwice the 7 per cent the CEGB expects. It is simply for the grid to ask for quotes for nuclear powered capacity.

The grid has a real interest in controlling the fuel mix that the system develops in response to privatisation expectable as it.

Still no one could say that in should auch measures, often difficult or undesirable, he necessary? I believe many will feel unable to accept your apparent dismissal of the need for fur-ther reform of inheritance tax. Louis Parsons, 24 Brunswick Gardens, W8 First, Israel must be allowed to exist

tract with the grid which allowed it to recover the cost of the fossil fuel, varying in price depending on world demand and exchange rates.

The other problem mentioned in Max Wilkinson's article (January 4), the breaking up of the CEGB nuclear expertise, is also easily solved. If all the fossilfueled stations are separated off, the nuclear CEGB could be left intact, and it could be left. Israel to increase her sphere of administration. In the absence of frootiers agreed by the states on both sides of them, Israel is not the occupying power in Gaza and the West Bank within the usual meaning

off, the nuclear CEGB could be left intact, and it could be left in state ownership.

However, competition could be allowed - or, rather, encouraged - from the UK's two other nuclear-capable organisations, the South of Scotland Electricity of the Nuclear Cegad and Potitich Nuclear. of the phrase, and it is sigh on impossible for Israel to negoti-ate while the so-called Palestine National Convention is in force, as this calls for the complete termination of Israel

1947 (apart from pointing out amendment of the Palestine has no tradition of sovereign independence). In Israel to exist, followed by that year much of the eastern peace talks between Israel and her neighbours. That it can be done has been proved by the agreement between Israel and ministration of our administration under the Mandate. Then there was the tearing up of frontiers by Egypt, Jordan and Syria, by their military invasions. (To their credit the Lebanese - then there registed from helping them acquired four fifths of Palestine and still holds it. And of selves to any of the contents of course, an Arab minority lives, and can continne to live, in Israel to exist, followed by the neiting pot by two done has been proved by the agreement between Israel and Egypt.

At this point I would expect a heckler to ask "What about the Palestinians?" For the answer I regret I must delve again into their credit the Lebanese - them history. In 1922 Jordan acquired four fifths of Palestine and still holds it. And of selves to any of the contents of course, an Arab minority lives, and can continne to live, in Israel. You should see the Mercedes with West Bank mumber plates! the CEGB.

Sunnycroft, Manley, Cheshire

Electricity under privatisation

Even that is not really new. The 60-day gap between signing and implementation of an (December 22) suggesting that I misrepresented him, and misunderstood his views, is carefully drafted to deflect attention from the fundamental issues.

My basic contention is that Americans say they agreed to be a suggesting that I misrepresented him, and misunderstood his views, is carefully drafted to deflect attention from the fundamental issues.

ing Board (CEGB) has not served us well, and should therefore be broken up.

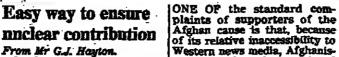
It pays too much for plant which it takes too long to build. power, including Sizespell B. In 1961 the Monopolies and Merg-ers Commission (MMC) reported that the Board's investment appraisal techniques were "mis-leading and not in the public interest." Compared with Japatwice as many people, and com-pared with British industry it pays op to a fifth over the odds. The Board has a long his-

refute my evidence.

Mr Baker's basic concern is to keep the grid, for without it there is no obvious ratiocale for maintaining the CEGB's

Rather than the rhetorical assertions which appear to pass for reasoning in the CEGB, Mr Baker should set out his argu-ments in technical detail and in

boost to its initiative by remov-ing some of the inflexibility, I believe that PRP will in due If intended for publication, letters to the Editor should include, where possible, a daytime telephone number.



From Mr G.J. Hayton.

Sir, I am surprised at the ease tan gets less international with which the Central Electricity Generating Board seems There is some truth in that to be winning its arguments to complaint and - glosnost or no remain unchanged on its gener-glosnost - the Soviet attitude to ating side.

There is some truth in that complaint and - glosnost or no remain unchanged on its gener-glosnost - the Soviet attitude to Western oews coverage of the So long as the grid is sepa- war still leaves a lot to be

rated from the generation of desired. Last week a French power there is a very easy way to ensure a nuclear contribution to the UK electricity supply, regardless of "economies," or the choice of private companies the choice of private companies. who would not build nuclear Unfortunately this news compower stations "unless the cided with the revelation that a

to privatisation, especially as it is almost inevitable that any private supplier of fossil fuel electricity would require a contract with the grid which allowed it to recover the cost of contractions. There have been dramatic, if somewhat allowed it to recover the cost of contractions.

There is no future in a division of territory brought about by the superpowers or the United Nations, so a conference ity Board and British Nuclear Fuels Ltd, as well as from any other consortia able to satisfy the Nuclear Installations with this in mind is doomed before it starts.
Surely the future lies in the amendment of the Palestine Inspectorate. (Following priva-tisation, the SSEB would not be restricted to Scotland.)

restricted to Scotland.)

I do hope that the Government and its very highly paid City advisors are capable of carrying out the politicians' aims rather than submitting to the self-serving propaganda at

From Mr Alex Henney.
Sir, Mr John Baker's letter

more than two years ago to be a "guarantor" of any negotiated settlement including the with-drawal of all Soviet troops. the Central Electricity Generat-Likewise they have consistently told the Russians they would be willing to cut off arms Since its disastrous appraisal of would be willing to cut off arms Dungeness B in 1965 it has been consistently wrong in its claims for the economies of noclear agreement, provided the with-

In itself this was hardly a concession, since the Russians have never claimed to enjoy having their troops in Afghan-istan and have consistently said

they will withdraw as soon as conditions permit. But Mr Shevardnadze added

that his Government hoped to see an agreement signed at the next round of indirect talks between Pakistan and the

betweeo Pakistan and the Kabul government, to be held in Geneva next month, with Soviet withdrawal and an ending of US aid to the resistance taking effect 60 days later. "It must be emphasised," he added, "that the US side agrees to be a guar-

antor and, consequently, to stop aid to armed groups con-

ducting military operations against the people's power in Afghanistan."

odds. The Board has a long history of secretiveness, obscuring public accountability, and misleading the public. (I gave chapter and verse for tacse assertions in a 50,000 word report published in May 1987. The Board has not attempted to refute my evidence.

generating as one organisation.
His claims would be more credible if the MMC had not reported critically (in June 1987) oo the CEGB'e operation of the grid.
The MMC found that Board

level responsibilities did not reflect "the importance of transmission," and criticised the Board's failure to develop a computer cootrol system for the grid. The project was sup-posed to take eight years, and cost \$20m. It is likely to take 17 years and cost \$95m. Such performance is no recommendation for holding onto the grid. I am at one with Mr Baker in seeking the benefits of tight seeking the benefits of tight plant margins, optimisation of fuel use, and security of supply. I have provided the Government, the board members of the CEGB, and yourself with a paper, which shows how and wby these objectives can be achieved in a properly structured competitive power market.

a quite simpla process and extremely quick. I feel that small businesses in particular should be encouraged to recon-aider the possible value of PRP as an aid to the recruitment, retention and motivation of amployees.
If the Government is prepared to be patient, and particularly if it is prepared to give a

lex Rem

FOREIGN AFFAIRS

Avoiding the appearance of defeat

drawal was sufficiently "front ended", that is if a big enough proportion of the Soviet troops were to leave during the first phase.

The public sticking-point has been the leogth of time the withdrawal should take. Pakistan, backed by the US, has so far insisted on a maximum of avert the appearance of a debacight months. The Russians are cle. Both they and the now talking about "12 months or less" and a compromise of 10 mooths is widely expected — though to complete the with-

Edward Mortimer reports on the prospects for a Soviet withdrawal from Afghanistan

drawal by the end of 1988 it would have to be less.

Ostensibly, then, all that is left to be settled is the degree of "front-ending" and the duration of the first phase. But behind that lies the far trickier issue of what the Russians expect to happen politically during and after the withdrawal. "We will not leave clinging to the skids of helicopters lifting off the roof of our embassy," said one official, referring to the final US withdraw from Saigon in 1975.

until last month's summit, the Russians were insieting privately that only when there was agreement on this point calendar.

Lt cannot yet be said with certainty that Mr Gorbachev and his colleagues have resigned themselves to paying those costs. Indeed, they seem to be searching desperately for a way to withdraw without admitting defeat — which may willingly incur.

Lt cannot yet be said with certainty that Mr Gorbachev and his colleagues have resigned that linkage, saying for the first time that be was determined to withdraw irrespective well prove impossible. But, in the process, they have created such expectations that they will incur a heavy political cost, both at home and abroad, if they do not withdraw. They expect to happen politically during and after the with-drawal. "We will not leave clinging to the skids of helicopters lifting off the roof of our embassy," said one official, referring to the final US with-drawa; from Saigon in 1975.

In other words, the Soviet

referring to the final US withdrawa; from Saigon in 1975.

In other words, the Soviet
withdrawal shoold oot be
accompanied by the ignominious collapse of the Communist
regime, or by the massacre of
these who have relied on

those who have relied on Moscow for protection. But that does hot mean the regime would survive unchanged, or even that Communists would ging in his heels), by warning continue to control the key government posts. Soviet officials for an interim government allies, and only hostility to a streament to a streament. continue to control the key government posts. Soviet officials for an interim government, allies, and only hostility to
draw attention to a statement Moscow is prepared to leave
made by President Najibullah him to his fate. As if to ram same for their opponents. As
on November 6 last year to the
effect that the PDPA (Communist Party) would not have to
refused to join in a broad politiretain either the presidency or, cal dialogue would be putting against all.

"some transient, circumstantial parsonal considerations and spirations above the interests

aspirations above the interests of the nation.

It is not yet clear what element of bluff these statements may contain, nor how successful they will be in intimidating Mr Najibullah. But ironically the new Soviet posture seems to have alarmed the Pakistanis.

Until last month neither Pakistan nor the US had seriously istan nor the US had seriously envisaged a scenario in which the Soviet troops would withdraw without first achieving some kind of truce. Now Pakistan is looking again at the draft agreement in the light of that possibility.

For unspace should not the

For instance, should not the cut-off of aid to the resistance be balanced by a cut-off of Soviet aid to the government? Should there be a more watertight Soviet commitment not to take part in offeoslye operations while the with-drawal is going on? Should "front-ending" include spelling out which Soviet units must leave in the first phase of the withdrawal, as well as the overall proportioo?

These concerns are shared by the US. Mr Michael Armacost, under-secretary of state for political affairs, said last month that the US "couldn't stand by and simply observe a with-drawal during which the Sovi-ets attempted to use their resid-ual power to go after the resistance". On the other hand, some US officials worry that Pakistan may overplay its hand and wreck the agreement by insisting on last-minute

Changes.

Perhaps the most solid reason for optimism lies oot in the small print but in the atmo-spherics. Until a few months ago it was difficult to believe the Russians would withdraw, because the polltical costs of accepting defeat seemed greater

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PUTTING THE PASSENGER FIRST

FINANCIAL TIMES

Tuesday January 12 1988

Del-Ichi Europe Limited: Outrant House, 8-13 Chiseell Steet, London, ECIY 4TO U.K.

Sony forced to sell rival video system

SONY, the Japanese electronics company which pioneered home video cassette recording with its Betamax system, is to sell VHS format machines developed by Hitachi, another Japanese duction and marketing capactive electronics group, and sold first ity analyst with Salomon in Western Europe in the VHS format machines developed by Hitachi, another Japanese duction and marketing capactive electronics group, and sold first ity analyst with Salomon spring. Sony plans to begin making to be made to be provided to be p oped by its rivals.

The decision, announced yes-terday, is seen in the industry as an admission of defeat by Sony in one of the longest-runand fiercest of worldwide

Retamay led the market when it was launched in 1975 hut steadily lost ground to VHS. Last year it accounted for less

range," the group said.

Sony intends to sell about Betamax was seen by experts which potentially threatens, 000 or 6,000 VHS machines a saterbuically superior to launch in Japan of VHS S, a Japanese industry analysts. high-quality version of VHS sony intends to sell about Betamax was seen by experts which potentially threatens

Brothers of the US, said it was now almost inevitable that Sony would abandon Betamax.

However, Sony denied it had any such plans. "We are bliting the hullet. This is not a defeat. We are expanding our product range," the group said.

Western Europe in the Companies previously loyal to Betamax have abandoned the to Betamax have aband

5,000 or 6,000 VHS machines a as technically superior to VHS Sony'e traditional strength at month, against 150,000 Beta-but Sony could not match its the top end of the VCR market. max recorders. The VHS rivals, led by JVC and its par-Background, Page 22

Ian Rodger finds a new readiness by Tokyo to counter criticism on eve of US visit

Takeshita polishes Japan's image

THE legendary Japanese skill at focusing attention and energy on a particular target will be put to unueual use today as Mr Noboru Takeshita, Japan's Prime Minister since November, arrives in Washington for a three-day official

Mr Takeshita and his officials know they will face a barrage of criticism for various unfair trading practices and for their slowness in sharing the hurden of world problems. But, for once, they are prepared to respond to the criticism with vigour, carrying with them a substantial peckage of actions rather than promises designed to show US opinion leaders that the country is now doing its share - and more

"We hope this vieit will answer the criticism about Japan not playing a more positive role in the world," a For-eign Ministry official said last week. In the circumstances, this image-building campaign is probably the best strategy the Japanese could adopt for this

Foreign Ministry officials have gone through the motions of talking up s "Ron-Noboru" relationship that would be similar to the easy-going camaraderie between President Ronald Reagan and Mr Takeshita's outspoken predecessor, Mr Yasu-him Nakasone, But their hearts hiro Nakasone. But their hearts are not in it.

Mr Takeshita, a modest man interested mainly in domestic politicking (Japanese newspapers recently compared him to the folksy but shrewd President Harry Truman), is unlikely to cut much of a figure in Washington. And Mr Reagan will not So the Japanese will try hard to keep everyone's attention focused on their recent prog-ress in making their country work in harmony with the rest of the world rather than in competition with it. At the head of the achievement list is the country's progress in trans-forming its economy from one dependent on exports to reliance on internal demand.

Japanese officials will point

out that exports have been declining in volume terms for

Whisky proposals promised by June

Japanese Prime Minister Noboru Takeshita (right) yesterday told British Foreign Secretary Geoffrey Howe, who is on a five-day visit to Japan, that propos-als to solve the long-stand-ing Anglo-Japanese whisky ing Anglo-Japanese whisky trade dispute would be presented by June. A Japanese spokesman told Reuter in Tokyo that Mr Takeshita promised that measures to aclve the dispute over whisky, a major British export, would be included in a liquor tax reform package due to be implemented. age dne to be implemented in April next year. Page 5



Takeshita: will be concentrating on achievements

annual contribution to the costs ness story is less convincing of US forces in Japan by The Government is bending to Y24.2bn (\$186.1m) or 8 per domestic pressure not to open cent by 1990.

The Government is bending to domestic pressure not to open markets for agricultural prod-

two years and that the trade surplus has been falling at double-digit rates for the past seven months. The fact that the trade surplus is still running at intolerably high levels - \$4.7hm in November - will not be emphasised.

Meanwhile, it will be stressed that the Government is maintaining its expansionist fiscal stance and that this is helping to maintain growth in the world economy. Public works spending in the 1988-89 budget is set at Y7,217bn (\$56.4hn), 20 per

at Y7,217bn (\$56.4bn), 20 per cent higher than the amount in this year's original budget.

As a result, the Government with the aid budget, the Foreign Ministry this month will begin to implement a three-year \$500m non-project grant programme for African countries announced at the venice summit of leading industrialised countries last June.

ing. A few marginal concessions will probably be offered on these items while Mr Takeshita is in Washington, but they are unlikely to impress. The Japanese will ask for patience, saying they have cleared a long list of bilateral trade issues in the

ing they have cleared a long list of bilateral trade issues in the past year or so.

"They cannot say we have been dragging our feet," a Foreign Ministry official said last week. The Japanese will also be able to advance a couple of complaints of their own, against the recent US legislation discriminating against the conditions of this offer are

Toshiba products and against the US refusal to lift the 100 per cent punitive import duties on some Japanese products for alleged breaches of a bilateral semiconductor trade agreement. Japan believes any such infractions were eliminated several months ago and so the duties are unjustified.

The Japanese, who are almost always polite, will probably not mention one of their biggest contributions to the world at this point — the defence of the dollar — because it is so embarrassing to the US. The Bank of Japan's reserves grew last year by a whopping \$37bn and recent statements by Japanese officials suggest that they will continue to be patient this year while the US struggles to come to terms with its financial difficulties.

The bank says that Japanese

Index of Seagram's proposed original private arrangement with the Martell family or given clearance for both Grand Metropolitan and Seagram to make public offers it is not appropriate to comment."

Seagram had initially launched the first shot in the battle for control of Martell family when it announced last month a deal to acquire the Martell family would have given Seagram outright control of Martell since the Canadlan group had already accumulated a 12 per cent stake in the company on the bourse.

The bank says that Japanese

The bank says that Japanese interest rates will be kept low so that US interest rates do not have to rise and that it will continue to intervene in the for-eign currency markets, if necesexpects that, for the third year. This is the first time Japan other leading industrial countries are will be based solely on can countries – its aid tends to

then weaken further on foreign exchange markets. If so, perhaps Mr Reagan will ask his Japanese visitor to stay a little longer and help convince Congress that the country's deficit problems must be solved. In other ways too, the Japa- ucts and construction contract- problems must be solved.

Seagram launches FFr4.5bn bid for Martell

SEAGRAM, the Canadian drinke group, yesterday lannehed a FFr4.5bn (\$808m) friendly takeover hid for Martell, topping a FFr3.9bn offer by Grand Metropolitan, the UK drinks and hotel group, for the venerable French cognac bonse.

The Seagram bid of FFr2.975 a share for all Martell shares was announced by the French Finance Ministry after a meeting yesterday between Mr Edouard Balladur, the French Finance and Economy Minister,

week The Japanese will also be indication last night as to able to advance a couple of whether it would make an increased offer.

against the recent US legislation discriminating against the conditions of this offer are the US refusal to lift the 100 ment has defined its position in ment has defined its position in

However, Grand Met, which owns a 19.9 per cent stake in Martell, riposted by claiming that the private Seagram deal practices, and launched a bid of its own for the cognac bouse.
The French market authori-

ties were clearly embarrassed growth will be based solely on increases in domestic demand, with the decline in its foreign balance acting as a slight drag.

US authorities are expected to be pleased that a 5.2 per cent increase in defence spending is included in the budget. The Japanese Government also announced at the end of last week that it would raise its annual contribution to the costs week that it would raise its annual contribution to the costs with the said tends to the next test of this co-ordinate and the Japanese form and the Japanese Government also annual contribution to the costs of the poorest and the Japanese Government also annual contribution to the costs of the poorest annual contribution for an adapted its strategy to take induction for an official visit to Canada. Many analysts expect the US trade it with the Martell family. But the Canadian group has now official visit to Canada. Many analysts expect the US trade it with the Martell family. But the Canadian group has now official visit to Canada. Many analysts expect the US trade it with the Martell family. But the Canadian group has a constant the folial visit to Canada. M approval of the French Finance Ministry since any takeover of a French company by a foreign group requires French government clearance.
Although the Finance Ministry did not indicate in its state-

ment yesterday whether it had approved the latest Seagram bid, the fact that it was the Finance Ministry which announced the new bid was widely seen as implying approval.

approval.
The friendly takeover bid by
Seagram for Martell is now
expected to intensify the battle
between the Canadian group and its British rival for the

knowing they will not be under the guidance of Lord White-law."

Conceding potential difficulties ahead, Lord Belstead yes terday, however, sought to reassure. He said: "The Lords will go on making changes to legislation but I am determined to see that the very important legislative programme that we have got is going to go through well."

Mr John Wakeham, the leader of the Countons, said yesterday that be did not anticipate any important points in any of the bills being albered in committee.

Mrs Thatcher intends to reach early decisions on who will take over Lord Whitelaw's Cabinet committee responsibilities, notably for home affairs, with Mr Douglas Hurd, the Home Secretary, and Mr Wakeham expected to take on some of his duties.

Analysis on Page 6

By Paul Bette in Paris and Lies Wood in London

between now and October remain more striking than the similarities, and go beyond the obvious question of equity val-In October, after all, the

> resulting from poor trade fig-ures would lead to a rise in interest rates. This time round, the assumption is that the Fed is still too nervous of reces to contemplate a rise in rates at all Something of the same logic was detectable yesterday in London. The strength of gilts London. The strength of guts may have been partly due to the dollar's weakness in the face of intervention, but also owed something to the opening weakness in the equity market — the argument being that while the authorities may want to push UK rates higher, they would not risk it at the expense of an equity collapse.

mysterious, with the various reasons put forward - employ-ment data, budget projections, trade figures - looking less per-suasive on inspection. Japan, meanwhile, seems to have been written off as a source of comfort; foreign investors have worked themselves into the assumption that whereas a fall

A paler shade of Monday

THE LEX COLUMN

The UK market was betting yesterday that Friday's collapse on Wall Street was not a re-run of October, and so far it seems to be right. There was a tricky patch as Wall Street opened, with every vaciliation in New York being matched minnte by minute in London; but the basic differences between now and October

worry ahead of Black Monday was that pressure on the dollar

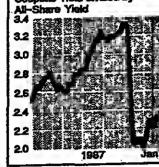
of an equity collapse.

But Wall Street's behaviour
on Friday remains worryingly in Tokyo would be bed news, anything else would be mere engineering.

Martell

The full bid by Seagram for Martell may not make the outcome of the three-way struggle with Grand Met any easier to predict, but it certainly simplifies the ground rules: Having offended the French authorities in its attempt to smeak through with an explanatory paper out-tine back in a private deal with lining how it intends to deal the Martell family, Seagram is with some of the grey areas, now trying the front door underlines its key role in the instead. This time the Govern-evolving international debate ment apparently does not about bank capital adequacy. the index for that sector of the object, to judge from the uncontrol announcement of the Federal Reserve, has been one offer by the French Finance of the driving forces behind the Ministry. If a Canadian drinks move to level the international investors may be forgiven for

Yield Ratio FT-Actuaries 25 yr. High



being offered by Seagram (espe-cially as the conservative accounting of the family-owned group may make the true rating lower than it seems). However, after one more round of 5 per cent increases, the price may look sufficiently long-sighted to cause Grand Met's shareholders to call a halt to the leap-frogging. This would be no disaster for the British company, as it would retire with a net profit of over \$25m, and might also be able to clinch a satisfactory deal with Seagram over the dis-tribution agreement with Mar-tell Grand Met showed itself equal to turning such situations to its advantage last year in renegotiating its Fosters fran-chise after Elders' acquisition

If the loser reckons it can buy the last unattached cognac house on the rebound it may find the way barred. It is diffi-cult to believe that Remy Martin's expression of interest in Benedictine yesterday was prompted purely by commercial rather than defensive consider-

Capital adequacy

The speed with which the Bank of Engiand has followed up last month's proposals for harmonising the capital ratios of major international banks, Ministry. If a Canadian drinks group is allowed to buy one of France's only remaining brandy banking playing field by making p

and by so doing has set down an early marker against which other interpretations of the discretionary areas in the propos-

cretionary areas in the proposals can be measured.

The Bank stresses that the proposed 8 per cent capital ratio is very much a minimum standard, and it has also taken a slightly more conservative line on the rick weighting attached to home loans. The 50 per cent weighting will only apply to loans secured by first mortgages, which presumably says something about the Bank's prudential concerns about the rapid rise in UK property lending over the last property lending over the last couple of years. The decision not to permit a bank's general provisions, earmsrked for dud Third. World loans, to be counted as capital - even tem-porarily - indicates that the Bank is not prepared to fudge its principles just to please the Federal Reserve.

Finland

And the winner, from the pine forests of the North, the Heisinki Stock Exchange – Europe's best performing stock market in 1987.

The era of the global stock market was bound to throw up such anomalies: on the princi-ple that small countries, like mail companies, are under-re-searched and may be under-val-ued, they present tantalising possibilities to the cosmopolitan investor. Accordingly, the two top exchanges last year were from their opposite corners of the continent, Spain and Fin-land. In peseta and markka terms respectively, their mar-kets rose 9.1 and 30.7 per cent. Then last week, Finland made it into the FT-Actuaries World Indices; after several years of steady economic performance (GDP growth has averaged just under 3 per cent through the 1980s), the Helsinki market seems to have been discovered by investors from the outside

But judging from the mar-ket's post-crash behaviour, it is a discovery they may regret. Only 15 per cent of the \$20bn Helsinki market ls currently open to foreign investment, and preferring more homespan risks. But the market remains fundamentally attractive. Corporate profits are forecast to rise by 20 to 30 per cent in 1988; economic growth will slow, but should not fall much below 2 per cent; and with the market p/e put by Savory Milin at 8.8 now against 15 before the crash, this must at least be a better time to buy than three

Central banks prop up \$

Continued from Page 1 Friday, are not being dismissed

entirely - reflecting a high level of nervousness in cur-rency markets. The market seems poised to sell the dollar heavily if a substantial deficit

The US bond market moved authously higher yesterday move from the Home Office to

cautiously higher yesterday after last week's steep losses, but the mood is still uncertain. Recent economic indicators have been strong, inflation concerns are at the forefront again, there is a fear that the Fed may edge monetary policy tighter (aithough there seems little evidence of this so far) and the dollar is still regarded as highly vulnerable.

The US Treasury's 30-year 8.975 per cent benchmark issue stood % point higher at midsession, still yielding above 9 per cent.

Thatcher reshuffles to fill Whitelaw gap

terdsy moved quickly to regroup its forces in the House of Lords and made confident claims about its legislative plans amid uncertainties created by Lord Whitelaw's resignation last Sunday on health

is reported.

There was a measure of relief that equity markets abroad had not reacted even more negatively to Friday's Wall Street decline and that the New York market seemed to find some support at lower levels. Nevertheless, the mood is still fraught, with sentiment finely balanced.

grounds.

Following the appointment of Lord Belstead as the new leader of the House of Lords, the sentiment and the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the sentiment are levels for the House of Lords, the House of Lord

after last week's steep losses, but the mood is still uncertain. Recent economic indicators have been strong, inflation compare are at the forefront again for water privatisation and for water privatisation and for water privatisation.

Lord Whitelaw himself admitted yesterday in a BBC interview his only regret was at having to bow out at a time which is awkward for the Government." Mr John Biffen, the former leader of the House of Commons, argued that the prospective arrangement contest in the newly deregulated French financial markets. However, Saudi Arabia's retrospective arrangement contest in the newly deregulated French financial markets. However, Saudi Arabia's retrospective arrangement contest in the newly deregulated former leader of the House of Commons, argued that the prospective arrangement contest in the newly deregulated former leader of the House of Expanding alice of their brands in international markets. Both companies are keen to expand sales of their brands in international markets. Both companies are keen to expand sales of their brands in international markets. Grand Metropolitan has a distribution agreement with Martell which is of particular strategic importance to it in the Far East.

This agreement, maintains of all member states.

Meanwhile, it is understood that Exxon, Chevron, Texaco and Mobil began talks in Riyadh with the Sandi Ministry of Oil on the level of their lift. THE Hritish Government yes-

Saudis discount oil price

CARCLO

INTERIM RESULTS

	half year 30 Sept 1987	rended	Audited year ended 31 March 1987
Turnover £'000	48,879	25,744	66.540
Profit on ordinary			
activities before			
tax £'000	3,588	1,848	5.080
Earnings per ordinary			-,555
share of 5p	5.4p	4.2p	9. 8 p
Dividends per ordinary			
share of 5p	1.1p	q88.0	3.75p
Dividend cover		· · ·	
(times)	4.9	4.8	2.6
Shareholders' funds per			
ordinary share of 5p	56p	44p	48p

Earnings per ordinary share up by 29% Dividend per ordinary share up by 25%

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World Weather

Airbus seeks currency cushion

that after 18 years of existence, Airbus and the four European

optimistic tone, said last year had been a record for Airbus in terms of new orders, with a total of 327 new orders and options worth between \$20bn and \$21bn. He added that his target was to see Airbus report its first profit in 1995.

However, he acknowledged that after 18 years of existence,

further into the US commercial aircraft market. He said it was unacceptable Airbus and the four European governments backing the consolering possible changes in the legal status of the aerospace group.

He appeared to rule out the imminent entry of new share-

Airbus has come under increasing pressure from European governments to consider collaboration with McDonnell Douglas, the US aircraft menu-facturer, to ease the mounting tensions between the US and the European Community over the way in which Airbus is financed by European govern-

ments.
The pressure to collaborate on

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday January 12 1988



Sterling Drug launches lawsuit against Roche

week's hostile tender offer.

The lawsuit, which portrays
Roche as a secretive company
using a lax Swiss regulatory
environment to further its ends
in the US, comes amid everclearer signs that the New York
company will resist the \$72-a
share offer. Sterling Drug rose
share offer. Sterling Drug rose
to \$74% in early trading yes
The suit, which was filed yes.

The suit also accuses two of family shareholders but has
not disclosed their identities as
required by securities law.

The suit also accuses two of family shareholders but has
not disclosed their identities as
required by securities law.

The suit also alleges that two
Bermuda companies, Atlantis
Finance and Canadian Pharmholding, are affiliates of Roche
awanit is entirely without
ments with the tender offer.

Roche is controlled by a group
of family shareholders but has
required by securities law.

Bermuda companies, Atlantis
Finance and Canadian Pharmholding, are affiliates of the impending offer between November
and last week.

BY DAVID THOMAS

BY OUR NEW YORK STAFF

Teledyne shows strong earnings rise

TELEDYNE, the Los Angeles investments, principally in taken over by Dainippon Ink of

TELEDYNE, the Los Angeles investments, principally in based industrial holding comband, has reported a big jump year earlier. Profits per share in profits thanks largely to the were \$13.60 against \$4.01 on sale of its stake in Kidde, which sales of \$807.9m against was taken over by the US arm. \$834.8m.

The company made no comment on its core manufacturing and insurance businesses which analysis consider are performable to the UK late. Net for the full year was last year.

Teledyne's net profits in the gain from the sale of invest-fourth quarter of 1987 were ments which in addition to ucts including aerospace completely in taken over by Dainippon Ink of Kidde, company of Lapan.

The company made no comment on its core manufacturing and insurance businesses which analysis consider are performing in lackingthe fashion. They gain from the sale of invest-fourth quarter of 1987 were ments which in addition to ucts including aerospace completely in the company made no comment on its core manufacturing and insurance businesses which analysis consider are performing in lacking are arised to the company of the company made no comment on its core manufacturing and insurance businesses which analysis consider are performing in lacking are arised to the company made no comment on its core manufacturing and insurance businesses which analysis consider are performing in lacking are arised to the company made no comment on its core manufacturing and insurance businesses which are arised to the company of the company of the company in the company of the co

STERLING DRUG, the diversited users to the diversited US pharmaceuticals group which faces a \$4.2bn offer from the Hoffmann-La Roche, yester Roche, which is based in Basle, day sued the Swiss drug company and its directors for allege controlling shareholders and filed misleading financial statements controlling shareholders and filed misleading financial statements are directly of its provide financial statements and filed misleading financial statements acceptable under US practice. Sterling Drug also says that ments with the tender offer.

The suir also accuses two family shareholders but has not disclosed their identities as required by securities law.

AT&T calls for European partners AMERICAN TELEPHONE & venture to 60 per cent, with Telegraph, the world's largest Philips's holding falling to 40 nications company, per cent.

Telegraph, the world's largest Philips's holding falling to 40 nications which it regarded as among its core products and which it handled outside the public telecommunications including transmission and network management systems, into Netherlands.

The US company made this clear yesterday as it confirmed that it was taking a larger stake in the joint venture as part of its drive to sell more of its equipment in Europe

AT&T is paying Philips a sum which it regarded as among its core products and which it handled outside the joint venture.

AT&T and Philips are talking to companies in a number of other European countries, including stable of italy, about joining the joint venture, although decisions on this are not thought to be imminent.

Both AT&T and Philips have including training the joint venture, although decisions on this are not thought to be imminent.

Both AT&T and Philips have including training the joint venture, although decisions on this are not thought to be imminent.

Both AT&T and Philips have including training to 40 mications which it regarded as among its core products and which it handled outside the joint venture.

AT&T and Philips are talking to companies in a number of other European countries.

Both AT&T and Philips have including training the joint venture, although decisions on this are not thought to be imminent.

Both AT&T and Philips have including training to 40 mications which it regarded as among its core products and which it handled outside the joint venture, which is companies in a number of other European countries.

Both AT&T and Philips have including training to companies in a number of other European countries.

Both AT&T and Philips have including training to companies in a number of other European countries.

Both AT&T and Philips are talking to companies in a number of other European countries.

Both AT&T and Philips are talk

precision products division, which makes antomotive engine parts, continues to struggle in the aftermath of struggle in the aftermath of a long strike in 1986 and low demand in some in the agricultural and construc-tion machinery sectors. Emhart has made two other big takeovers in just over 12 months, but unlike Stan-adyne both were outside its core businesses.

Emhart in \$600m bid to control Stanadyne

EMHART, the diversified us industrial group, has launched a hostile takeover offer worth some \$600m for Stanadyne, a manufacturer of precision metal parts for use particularly in the plumbing and antomotive

sectors.
Stanadyne's stock soured \$17% to the offer price of \$40 a share in early heavy trading. Emhart asked the company, which had earlier rebuffed a friendly offer, to consider a "mntually

acceptable merger."
Emhart said Stanadyne's leading role in the plumbing products market made it "a natural fit" with Emhart's consumer hardware and houseware products. It is seeking a minimum of 7.4m shares, equal to 51 per cent of Stanadyne's equity.

The target company, based in Windsor, Connecti-

cut, earned net profits of \$27m or \$2.81 a share on sales of \$406.5m in the nine months ended September 30, against \$18.7m or \$1.95 on sales of \$372.8m a year earlier. Emhart earned \$80.1m or \$1.28 on sales of \$1.79bn in the nine months ended September 26. Stansdyne's Moen plumbing division is growing rapidly thanks to increased geographical distribution, greater penetration of existing markets and a wider product line. Profits are benefitting from wider margins and investment in

In contrast, the company's

BANK OF ENGLAND NOT TO ALLOW £3BN PROVISIONS AS PRIMARY CAPITAL

Bank toughens stance on capital levels

THE BANK of England is to take a tough line in implementing the accord on bank capital World loans. This is because take a tough line in implementing the accord on bank capital
proposed by international banking supervisors last month.
In an explanatory paper yesterday, the Bank said it viewed
the standards as a minimum for

UK banks, It also intends to use the discretion national supervi-sors will have to apply tougher sors will have to apply tougher standards under the accord.

The accord, issued by the Basic-based Bank for International Settlements on December 10, is intended to provide a common regulatory framework for all banks in the world's leading industrial nations by 1992. It defines capital and save how much of it banks

says how much of it banks should have.

The Bank of England says it will not allow banks to count in their capital the \$3bn (\$5.4bn)

The bank is the first signatory to the accord to produce capital in the form of securities its own explanations. This is

these provisions do not meet the definition of capital, which is that it be readily available to meet any iosses which banks may incur.

Although the Bank had been expected to take this position, it reinforces the firmness of the UK line on one of the most con-troversial issues of the Basie plan. It is in contrast to the US where provisions can still be counted as primary capital. UK banks will, however, be allowed to include a portion of their other provisions in a second tier of capital, up to certain limits.

will have that capital dedocted because the Bank has been at from their own capital base to the forefront of thinking on the avoid double counting, in line co-ordination of international transformation. with UK practice

Mortgages will be counted at 50 per cent of their valoe in a bank's balance sheet for capital purposes, but only when they are first mortgages on a primary residence. Although this is tougher than proposed at Basle, it marks a relaxation of UK practice.

Interest rate and exchange rate instruments such as swaps: Supervisors have a choice how they can calculate the credit risk on these. The Bank intends to make banks mark them to market regularly, as they do

banking supervision. But the Bank was also keen to set a firm line while other countries are still considering their

The Federal Reserve's comments will be particularly important because the US will have to make arrangements to exclude Third World debt provisions from capital - a move which will be highly unpopular with US banks. A Fed spokes-man said yesterday that its response would not be pob-

lished for some weeks.

France, Germany and Japan
are also likely to be among
countries which will want to adapt some of the proposals to meet their local concerns. Lex, Page 20

Allianz-Tokio Marine tie-up

BY HAIG SEMONIAN IN FRANKFURT

ALLIANZ, the leading West
German insurance group, has reached a co-operative agreement to represent Tokio Marine and Fire Insurance, Japan's biggest general insurer, in Italy, in what may be the breakthrough for further joint arangements between the two companies in Europe and the Par East.

Allianz Pace Assicurazioni e Riassicurazioni, an Italian sub-time a branch of the group's London subsidiary, mainly provides insurance are high, and there would be substantial cost savings from joint representation in regions where either Allianz or Tokio Marine were involved, Allianz Pace could take oo part of the Japanese company's Italian risk, said an Allianz spokesman. Meanwhile, The two groups already the two parent companies are enjoyed an "informal" co-operation. German insurance group, has reached a co-operative agree-ment to represent Tokio Marine and Fire Insurance, Japan's big-

Europe and the Par East,
Allianz Pace Assicurazioni e
Riassicurazioni, an Italian subsidiary of Allianz, based in Milan, is to take over represen-tation for the Japanese group's Italian interests.

Tokio Marine and Fire's Ital-

the two parent companies are now discussing similar co-oper-

The two groups already enjoyed an "informal" co-opera-tion in Japan, where Allianz is ative arrangements elsewhere now represented through a in the world, though no deals have yet been struck.

Such co-operation could be of 1986.

Smedvig nears bid for offshore rival

SMEDVIG DRILLING, the Norwegian-based oil and gas drilling contractor, is understood to have made a bid for a controlling stake in Dyvi Offshore, a rival Norwegian oil and gas drilling stake in Dyvi Offshore, a rival Norwegian oil and gas drilling stake in Dyvi Offshore, a rival Norwegian oil and gas drilling stake in Dyvi Offshore, a rival Norwegian oil and gas drilling declined to confirm the deal, but he said that once remaining details were worked out, and when "I know exactly where I stand," the Oslo bourse would be notified.

semi-submersible drilling rigs and has four drilling contracts with Norwegian oil and gas field operators. In 1986 Smedvig had a turn-

drilling contractor.

Trading of Dyvi shares, which are valued at about NKr8, were yesterday suspended by the Oslo bourse.

Mr Peter Smedvig, president in 1986 Smedvig had a thrifted. over of about NKr700m (\$110.4m) and for 1987 it expects turnover to be slightly about 12m shares in Dyvi, or about a 40 per cent stake, at a price of about NKr12 a share. which are without work.

Apple software unit prepares for debut

By Louise Kehoe in San Francisco

CLARIS, the Apple Computer software subsidiary formed last April, is to make its debut as a software publisher this week with the launch of a range of programs for the Apple Macintosh computer.

By forming Claris, Apple aims to ensure a supply of new soft-ware products for its Macintosh computer line at a time when much of the efforts of thirdparty software developers is directed toward developing pro-grams to run on the new IBM Personal System/2 computers.

Although Apple and Claris have emphasised the independence of Claris and Apple says that it plans eventually to spin off the software subsidiary, rivals view Claris as a formida-

Claris' initial product offerings include updated versions of most of Apple's original Macintosh programs, including Appleworks, MacWrite, MacDraw, MacProject, and MacPaint.

These Bonds having been sold outside Great Britain, this announcement appears as a matter of record only.

New Issue



January 1988

PRUDENTIAL Prudential Finance B.V.

(Incorporated in The Netherlands with limited liability)

Swiss Francs 200,000,000 43/4 % Guaranteed Bonds 1988-1998

guaranteed by

Prudential Corporation plc

(Incorporated in England)

S.G. Warburg Soditic SA

Bank Heusser & Cie AG Chase Manhattan Bank (Switzerland) HandelsBank NatWest Shearson Lehman Brothers Finance

Banca Commerciale Italiana (Suisse) Bank Oppenheim Pierson (Schweiz) AG Bank S.G. Warburg Soditic AG

Banque Paribas (Suisse) S.A. Crédit des Bergues The Industrial Bank of Japan (Switzerland) Limited Morgan Stanley S.A. Swiss Cantobank (International)

Kredietbank (Suisse) S.A. Nordfinanz-Bank Zürich

Clariden Bank

Lloyds Bank Pic Amro Bank und Finanz Bank Cial (Schweiz)

- Crédit Industriel d'Alsace et de Lorraine AG -Armand von Ernst & Cie AG

Banco di Roma per la Svizzera Banque Indosuez, Succursales de Suisse Banque Morgan Grenfell en Suisse S.A. Caisse d'Epargne du Valais Fuji Bank (Schweiz) AG Gewerbebank Baden Handelsfinanz Midland Bank Hypothekar- und Handelsbank Winterthur Maerki, Baumann & Co. AG Sparkasse Schwyz

Canadian Imperial Bank of Commerce (Suisse) S.A. Goldman Sachs Finanz AG
The Long-Term Credit Bank of Japan (Schweiz) AG
Société Bancaire Julius Bar SA

Bank Leumi le-Israël (Schweiz) Bank of Tokyo (Schweiz) AG Banque Bruxelles Lambert (Suisse) S.A. Banque Scandinave en Suisse Dai-Ichi Kangyo Bank (Schweiz) AG Morgan Guaranty (Switzerland) Ltd. Sumitomo International Finance AG

Banque Gutzwiller, Kurz, Bungener S.A. Crédit Commercial de France (Suisse) S.A.

Samuel Montagu (Suisse) S.A. Banque Nationale de Paris (Suisse) S.A. INGEBA Internationale Genossenschaftsbank AG J. Henry Schroder Bank AG

> Alpha Securities AG Banca di Credito Commerciale e Mobiliare Banca del Sempione Banca Solari & Blum S.A. Bank in Huttwil Bank in Ins Bank Langenthal Bank in Langnau Bank Rohner AG Banque de Dépôts et de Gestion Great Pacific Capital Grindlays Bank p.i.c. (a member of the ANZ Grup) E. Guizwiller & Cic, Banquiers Overland Trust Banca Rüegg Bank AG St. Gallische Creditanstalt Società Bancaria Ticinese Solothumer Handelsbank

Spar- und Leihkasse Schaffhausen Volksbank Willisau AG

January 11, 1988 New Issue This advertisement appears as a matter of record only The Council of **Europe Resettlement Fund** for National Refugees and Over-Population in Europe Strasbourg/Paris Fonds de Réétablissement du Conseil de l'Europe pour les Réfugiés Nationaux et les Excédents de Population en Europe Strasbourg/Paris DM 250,000,000 Floating Rate Notes with Interest Option 1988/1996 Issue Price: Six-month-Libor, payable semi-annually in arrears in January and July Interest: Repayment The holder of a Floating Rate Note shall be entitled to select a fixed rate of interest at the Interest Option: interest payment dates in January 1990, July 1990 and January 1991. Upon exercising the interest option the holder shall pay a premium of 0.75%. The Fixed Rate Bonds bear interest at a rate of 6 1/1% p. a. and shall be repaid on January 11, 1996 at par Düsseldorf and Frankfurt am Main (Floating Rate Notes and Fixed Rate Bonds) Listing: Trinkaus & Burkhardt Bayerische Landesbank Bayerische Vereinsbank Bank Brussel Lambert N.V. Banca del Gottardo CSFB-Effectenbank Deutsche Girozentrale Commerzbank Deutsche Bank – Deutsche Kommunalbank – Aktiengesellschaft Aktiengesellschaft DSL Bank EBC Amro Bank Dresdner Bank Samuel Montagu & Co. Industriebank von Japan (Deutschland) Krediethank International Group Schweizerischer Bankverein Morgan Stanley GmbH Morgan Guaranty GmbH (Deutschland) AG Westdeutsche Landesbank

Genossenschafts-Zentralbank eG

Elsässische Bank & Co.

Girozentrale

Ladbroke Group PLC

bas acquired

Hilton International Co.

Allegis Corporation

We acted as the US financial advisor to Ladbroke Group PLC in this transaction and assisted in the negotiations.

Merrill Lynch Capital Markets

October 1987

USG Corporation

has acquired the stock of

DAP Inc.

Deecnam Group pic

We acted as financial advisor to USG Corporation in this transaction.

Merrill Lynch Capital Markets

October 1987

Panavision, Incorporated

bas been acquired by

Lee International PLC

We acted as financial advisor to Panavision, Incorporated in this transaction and assisted in the negotiations

Merrill Lynch Capital Markets

October 1987

INTL. COMPANIES & FINANCE

Stefan Wagstyl on the Japanese electronic group's VHS decision

Sony bows to the inevitable

recorder market.

The group, which long prided itself on being the most independent-minded of Japanese electronics companies, is to start making VHS-format machines, designed and developed by its rivals, alongside its own Betamax models.

Sony's announcement raises two main questions — why it

SONY was yesterday trying to put a brave face on defeat. But the Japanese electronics company has finally admitted that it has lost the battle for control of the world home video of the world home video recorder market.

The group, which long prided itself on being the most independent-minuded of Japanese electronics companies, is to start making VHS-format machines, designed and developed by its rivals, alongside its own Betamax models.

Sony's machines were launched company's original hope that format might be as big as Sony, founded after the Second VHS by 1990 now looks grossly world war by Mr Akio Morita, the format might be as big as Sony, founded after the Second VHS by 1990 now looks grossly overoptimistic.

The final straw as far as Sony is concerned probably came hast year with JVC's launch of VHS, a high-quality companies. The failure to capitalise on video recorders launch of VHS which might potentially challenge Betamax as a result, Sony was swamped.

As late as 1981, Sony's machines were launched company's original hope that format might be as big as Sony, founded after the Second VHS by 1990 now looks grossly overoptimistic.

The final straw as far as Sony is concerned probably was ready to make recorders launch of VHS, which might potentially challenge Betamax as the strong of the biggest Japanese electronics companies.

As late as 1981, Sony's market with straw as far as sony is concerned probably was founded after the Second VHS by 1990 now looks grossly world war by Mr Akio Morita, the format might be as big as Sony, founded after the Second VHS by 1990 now looks grossly world war by Mr Akio Morita, the format might be as big as Sony, founded after the Second the format might be as big as Sony, founded after the Second VHS by 1990 now looks grossly world war by Mr Akio Morita, the format might be as big as Sony, founded after the Second the format might be as big as founded after the Second the format might be as big as founded after the Second the format might be as big as founded after the

itself on being the most independent-minude of Japanese confiferent manufacturers. As a result, Sony was swamped.

As late as 1981, Sony's manufacturers in the staken the group so long to bite the builtet and what the decision says about the company in another market might have made the move three years ago, when the betamax share of world wideo recorder annual sales was already below 10 per cent. But sony agreed standards recorder annual sales was already below 10 per cent. But sony agreed standards recorders annual sales was already below 10 per cent. But sony sold 1.8m of its learners and indeed still does, denying any suggestion that it plans to scrap the format.

The story of the war between Betamax and VHS is a classic tale of brains versus brawn.

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The story of the war between Betamax and plans to scrap the format brain the potentialy

Renault in talks to sell car rental unit

BY PAUL BETTS IN PARIS

RENAULT, THE French stateowned car group, is negotisting the sale of its car rental subsidthe sale of its car rental subsidiary, Europear, to Compagnite Internationale des Wagons-Lits, the Belgian-based railway sleeping car company with growing interests in the hotel and tourism business.

The French group has for some time sought a buyer for Europear, the largest car hire business in Europe, in order to recentre activities around its core car manufacturing

core car manufacturing operations. It is thought now to be close to completing the dis-

Europear returned to profit in 1986 with earnings of more than Ffrilm (\$1.97m) on a turnover of Ffril 3bn. However, despite the recovery, Remailt remains convinced that the carbire business no longer firs in with its longer-term strategy.

For Wagons-Lits, the deal—if it goes through—represents the Belgian group's efforts to expand activities into a variety of tourist-related sectors. Apart the most intends to write off an imfrom its railway and travel businesses, Wagons-Lits controls a major French and inter-

VNU plans to buy trade journal in US

gest publishing group, plans to acquire Media Records of the US, a trade journal which reports on newspaper advertising, in an effort to strengthen its media infor-

mation services.

Media Records, based in New York, measures on a monthly basis the amount. of advertising in 200 US mewspapers in 95 markets. No purchase price was dis-closed, but Media Records has annual turnover of Fl 9.3m (\$5m), employs 100 staff, and will account for 5 per cent of VNU's US reve-

This is the second planned rans is the second planned acquisition announced by VNU in two weeks. On December 29, the Hearlembased publisher said it would launch an agreed takeover bid for Audet, a smaller Dutch publisher active in regional assespaters.

Last week the chairmen of VNU and Audet jointly announced that VNU would offer 2.5 of its common shares plus FI 100 cash for each Audet share, or a total of FI 253m at carrent or reason at current prices. But in announcing the terms of the public ten-der offer, the two compa-nies indicated that they were reckoning with possi-ble opposition from some Audet shareholders.

Rand Mines shows decline

BY JIM JONES IN JOHANNESSURG
THE FOUR producing gold —
mines managed by Rand Mines
of South Africa suffered
another profit decline in the
final quarter of 1987 with only
Blyvooruitzicht earning an
after-tax profit greater than—
capital expenditure.

capital expenditure.

The total net profit dropped Durhan Deep to R17.8m (\$9.05m) in the ERPM to R17.8m (\$9.05m) in the ERPM 2237 2251 (17.56) (17.94) (431.3) (509.2) December quarter from R29.7m Harmony 6,657 7,054 14.63 29.33 2.5 55.9 in the September quarter und R47.5m in the June quarter. The average rand gold price received by the mines slipped haved fractionally to R30,381 a kilogram, but reduced mill through (ERPM), the oldest of the puts led to proportionately group's mines suffered, a furple end of its life and greater unit production cost ther operating loss despite production received of the er-grade areas of the unine; with the best profit perfor-

Harmony, the largest of the engrade areas of the unine: with the best profit perforgroup's mines, lifted its recov. Durban Deep generated a mance. The mine's average ery grade slightly to 2.96 grams small operating profit but again recovery grade dropped to 5.07 per tonne (g/t) from the previsement more on capital projects ous quarter's 2.93 g/t after than it earned in the quarter decline is likely to continue as poor grades encountered on the even after taking into account leader reef had prompted a the receipt of state assistance. Increasingly concentrated in the shift in mining towards higher. The mine's equipment is participated areas. Nevertheless the ularly old and production is fremmine's after-tax profit was quently disrupted by break.

RAND MINES GOLD QUARTERLIES

3094 14.05 15.45 1,905 6.72 2.87 2,251 (17.56) (17.94) 7,054 14.63 29.33 (180.5) (509.2) 55.9

Dec 87 Sep 87 Dec 87 Sep 87 Dec 87 Sep 87



RUSTENBURG PLATINUM HOLDINGS LIMITED (Incorporated in the Republic of South Africa)
Registration Number 05/22452/06

WADEVILLE REFINERY THEFT

A theft was discovered today from the Wadeville relinery of some 48 kilogrammes of gold in process with a value of R1,4 million. The theft has been reported to the South African Police and investigations are in

SABRE III Limited U.S.\$200,000,000

Floating Rate Secured Notes due 1992 For the 6 months period 7th January, 1988 to
7th July, 1988 the Notes will
bear the rate at 746% per
annum. US\$3,823.26 will be
payable from 7th July, 1988
per US\$100,000 principal
amount of Notes amount of Notes.

£200,000,000 **Nationwide** Anglia Society Floating Rate Notes Due 1995

Interest Rate Interest Period

Interest Amount per

93/16% per annum

8th January 1988. 8th April 1988

£114.22

£5,000 Note due 8th April 1988 Credit Suisse First Boston Limited

> Notice of Early Redemption SEK

AB Svensk Exportkredit (Swedish Export Credit Corporation) US \$112,500,000 14%% Bonds Due 1990

NOTICE IS HEREBY GIVEN that in accordance with Clause 6(e) of the Terms and Conditions of the Bonds, the Company will redeem all of the Bonds at 101% of the principal amount on the next interest payment date 10th February, 1988, when interest on the Bonds will case in accrue-

cease to accrue.

Repayment of principal will be made upon presentation of the Bonds with all unmatured Coupons attached, at the offices of any one of the Paying Agents mentioned thereon.

Accrued interest due 10th February, 1988 will be paid in the normal manner against presentation of Coupon No. 6, on or after 10th February, 1988.

Bankers Trust
Company, London 12th January, 1988

BANK OF NEW ZEALAND Cayman Islands Branch NZ \$150,000,000

Floating Rate Notes 1992

For the three months 11th January, 1988 to 11th April, 1988 the Notes will carry an interest rate of 16.55909 per cent. per annum. interest payable on the relevant interest payment date, 11th April, 1988 will amount to NZ \$41,284.31 per

NZ \$1,000,000 Note and NZ \$206,421.53 per NZ \$5,000,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York,

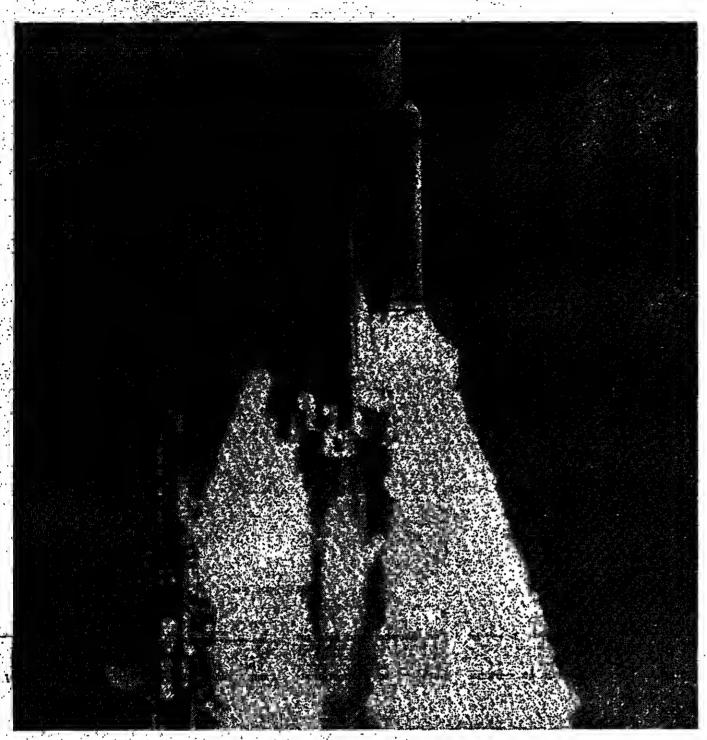


U.S.\$50,000,000 Floating Rate Notes due January 1991

In accordance with the provisions of the Notes notice is hereby given that for the six month Interest Period from 8th January 1988 to 8th July 1988 the Notes will carry an Interest Rate of 7.6875% per annum. The Coupon amount payable on Notes of U.S.\$5,000 will be \$194.32.



Volvo's Offer to Investors. More than Safe and Dependable Cars.



ONBUSTION CHAMBER COMPONENTS FOR EUROPE

Innovative, highly advanced technology has helped Volvo show a profit every year since 1932.

Ongoing future oriented investment in the technology of all its products from aerospace to automotive has enabled Volvo to pay a dividend on its shares every year since 1935.

The emergence of Volvo Flygmotor as one of the most profitable aerospace companies of its kind epitomizes Volvo's commitment to broadening and strengthening its existing operations.

A commitment that helped 100 Volvo shares purchased just five years ago for £ 620 to grow in value to £ 2.800 today.

A belief in the future that says purchasing a Volvo share should be an investment in steady, stable growth.

Volvo does not believe in 'here today, gone tomorrow' thinking.

Volvo's future, as the present and our past, depends upon our sound management commitment, excellent financial strength, top labour relations, and the ability to develop new products and markets.

For Volvo's Offer to Investors, read positive return on investment, good profits, stable production, creative management, quality employees and products, broadening operations within existing business sectors, and a commitment to the future.

CORPORATE FINANCE, AB VOLVO, S-405 08 GOTHENBURG, SWEDEN

VOLVO

Westpac to buy out minority in AGC

By Our Financial Staff WESTPAC BANKING, the large

Australian bank, is to offer A\$237.2m (US\$167.4m) for the minority it does not own in Australian Guarantee Corporation (AGC), its finance offerbook

shoot.
Westpac, which owns 76.8
per cent of AGC, sald yesterday
it would offer seven of its own shares for every 10 in AGC or A\$2.90 cash per share, valuing the whole of AGC at A\$1.02bn. Sir James Foots, Westpac chairman, said the bid was being made to strengthen both organisations in the country's deregulated financial market.

Westpac said that AGC share-holders who exchanged their shares for Westpac shares would see sn 81 per cent increase in dividend income, a 44 per cent rise in earnings per share and a 42 per cent rise in net asset backing per share. It added that the share

exchange, based on Westpac's closing price of A\$4.70 on Friclosing price of A54.70 on Friday, represented a multiple of 10 times AGC's net earnings in the year to last September.

Westpac shares shed 17 cents yesterday to A54.53 in a weak market. On this basis the paper alternative is worth A53.17 per

AGC share. Westpac shares issued in the

bid will rank for the interim dividend normally payable lu July. The offer is conditional on Westpac becoming entitled to 90 per cent of AGC's issued capital and receiving accep-tances from 75 per cent of

shareholders. Westpac was the last of the big three listed Australian trading banks to have kept a listing for its finance subsidiary. Australia and New Zealand Bank-ing Group and National Austra-lia Bank took over their subsidiaries several years ago. The bank said it latended that AGC would continue to

operate as a separate business The Australian Stock Exchange will add a further 220 companies to its new computerised trading system, Reuter reports from Sydney.

The ASX will transfer 20 rea-

sonably active stocks from board to screen trading on January 27. Another 200 low trading volume industrial companies in the alphabetical range Q to 2 will be added to the system on February

Trial screen trading began with 20 stocks in October. The
ASX plans progressively to transfer all trading to screens from
the six trading floors in the state capital cities

NEW ISSUE

Westfield to make US preferred stock issue

WESTFIELD HOLDINGS, the US\$850m. Australian shopping centre and investment group, yesterday aunounced a US\$308m preferred stock issue in the US, said to be the largest such public offering by a property com-

erale, which has issued the principal letter of credit behind the preferred stock issue by Westfield Finance, a finance subsidiary of Westfield Hold-The balance of the proceeds will be used for investment and

will be used for investment and working capital requirements, including development of the three ex-Macy's properties. Mr Frank Lowy, chairmen of Westfield Holdings, said the structure of the preferred stock offer, coupled with long-term ngs. The issue itself was lead man lic offering by a property company.

Proceeds of the issue will go towards retiring US\$230m in borrowings from National Australia Bank, granted under a two-year facility to find Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered into for the original US\$230m finanting, meant Westfield's interest rate swaps entered to be rated Triple A by Moody's and Double A plus syndicate of three Australian banks — National Australia, westpac and Commonwealth — together with Societe Generale.

The issue itself was lead managed by First Boston, co-managed by Goldman Sachs and offer, coupled with long-term.

Mr Frank Lowy, chairman of the saged by Goldman Sachs and offer, coupled with long-term.

Mr Frank Lowy, chairman of the saged by Goldman Sachs and offer, coupled with long-term.

Mr Frank Lowy, chairman of the specified to specified corporate and institutional investors. According to a statement yesterday it was charges on its funds were low.

Under the terms of the preferred stock of the properties are held by Moody's and Double A plus by Standard & Poor's.

The issue itself was lead managed by First Boston, co-managed by Goldman Sachs and offer, coupled with long-term.

In the couple with long-term in the synthesis of the properties are held by was a statement yesterday it was supported to be rated Triple A by Moody's and Double A plus by Standard & Poor's.

The issue itself was lead managed by First Boston, offer, coupled with long-t

Zurich mulls limit-down rule

BY OUR FINANCIAL STAFF

THE ZURICH Stock Exchange may adopt a limit-down rule to suspend a share for the rest of the session if its price suddenly

drops by 25 per cent.
The proposal, prompted by public concern over sharp fluctuations in sharo prices, is under proliminary consider-ation and is not likely to be approved in the next few weeks, Mr Nicholaus Baer, the bourse president, said.

authorities would have to approve such a change.

Exchange rules now atop trading in shares for 10 minutes if the difference between two paid prices surpasses 10 per cent.

and retail companies, conducted in December by the Federal tree for the Research of Economic Activity, only a small minority of companies had revised their 1988/89 invest-

The interruption allows brokers time to find customers willing to trade shares which have fallen or risen rapidly, Mr Baer explained.

•Last autumn's stock market crash and the continuing weak-ness of the dollar have caused

ment plans down. Investment growth would probably not reach the high level of recent years, however, the report concluded.

Of the industrial companies surveyed, 7 per cent had scaled down their investment plans for 1988/89 because of uncer-"We are studying instituting a 25 per cent limit-down system," he said. "Some price changes have struck the public as too great for one day. Maybe prices would find a more reasonable level over two days." Cantonai

Lisbon SE to cut clearing time

BY OUR FINANCIAL STAFF

THE OFFICIAL time for clearing a share transaction on the Lisbon stock exchange should be reduced to three days from six days in the first quarter of this year, according to Mr Alvaro Damaso, the exchange's

president.
Mr Damaso said on radio that a new computer system and other changes would speed up processing of transactions.

Stock exchange officials say the measures would be a first orders in writing.

Banks would also transfer the step towards computerising the

entire system. Shares are bearer certificates in Portugal and beld on safe deposit in banks. Stock exchange officials record each transaction manually and share nificantly reduce the time each

certificates are transferred transaction takes to clear, they physically after each order. Share sales or purchases officially take six days to clear. But exchange sources and dealers say delays of up to two weeks can occur when trading

is heavy. Under the new measures, the stock exchange officials say, brokers would advise banks by computer of their buy and sell orders. They now relay their

shares only once every fort-might in blocks of certificates, rather than after each individ-ual transaction.

Mr Damaso also confirmed that a daily limit on share price fluctuations would be rein-stated but said that it would be greater than the previous 5 per cent limit, lifted last November.

"It will probably be 15 per cent but there is still talk of 10 or even 20 per cent," he said. Mr Dameso said the reimposi-

tion is to give a margin of secu-rity after the liberalisation had allowed the market to find more realistic prices. He gave no exact date for the changes. Officials said last October that prices had reached unsustainable levels.

JANUARY 1968

Industrial Credit Corporation plc

Dublin, Ireland

DM 50,000,000 5% Bearer Bonds of 1988/1991

Guaranteed by the Minister for Finance of Ireland acting for and on behalf of

Ireland

- Private Placement -

Bank of Tokyo (Deutschland) Aktiengesellschaft

Commerzbank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

PAN HOLDING Societe Anonyme Luxembourg

Based on a provisional unaudited statement of the accounts as of December 31, 1987, the Company's unconsolidated Net Assets amounted to US\$ 288,650,589.30, I.E. US\$412.36 for each of the 700,000 shares of US\$50 making up the Company's capital.

The consolidated Net Asset value per share amounted as of December 31, 1987 to US\$

TEOLLISUUDEN VOIMA OY (TVO Power Company) US\$100,000,000 Floating Rate Notes due 2004

Notice is hereby given that the Rate of interest for the first interest Sub-period of the interest Period ending on 11th April 1988 has been fixed at 7½% per annum. The amount payable for the first Interest Sub-period will be US\$64.58 and will be payable together with the amounts for the second end third Interest Sub-periods of the said interest Period on 11th April 1988 against surrender of Coupon No. 16.

BRITANNIA **BUILDING SOCIETY**

\$100,000,000
Floating Rate Notes Due 1993
frampting ES 100 DD Floating Rate Note
the 1993 learned as 8th Normaler, 1995 and a
farther DS 100,000 Floating Rate Note the
1993 learned as 8th July, 1996 commissioned
and forming a study series the In accordance with the terms and conditions of the Notes, notice is hereby given that far the three month Interest Period from cand including? 8th Jamusry, 1988 to that excluding? 8th April, 1988, the Notes will carry a rate of interest of 9¼ per cent per amount. The relevant Interest Payment Date will be 8th April, 1988. The Coupas Amount per £10,000 will be £229.99, sayable sezuirs? Surrender of

CME to tap Irish gambling talent

By Deborah Hargreaves in

ANYONE WHO has seen the Irish punters in action can't help but think they will make great locals," enthuses Mr Joe Sims, who is looking to cash in on Dublin's native gambiing talent when he sets up the Europeau Mercantile Exchange in the Irish capital later this year.

lrish futures are set to become a reality, he stresses. Having sounded out Dublin's cab drivers and punters, Mr Sims is confident that any Irish local traders - the futures markets' term for those who

markets' term for those who trade for their own account and who provide the lifeblood of Chicago's futures exchanges – will be up and running on their first day.

Mr Sims, who has helped set up three new futures exchanges in the last five years, says he does not expect the frish to suffer from timidity in trading with one another – as ing with one another – as happened in Singapore, where he trained locals for the Chicago Mercantile Exchange's project there.

It was the CME's move to Sin leagues to move to Europe for

Dublin became a possibility when the Irish Government offered favourable tax breaks to create an international financial zone in the city's former docks area. The EME will be paying only 10 per cent corporate tax, as opposed to the Republic of Ireland's usual 50 per cent. The tax break, combined with

low office rents, will make it cheaper for companies to do business on the EME, stresses Mr Sims. He was encouraged by the response to an initial prospectus that sold 70 seats and was oversubscribed.

The exchange's founders are careful to stress that the EME does not want to compete with London's International Financial Futures Exchange, but it is trying to find the niche that it thinks Liffe has missed on currency futures.

Currency niche

This niche could be cross-currency futures, such as ster-ling against D-Marks, or Irish punts against sterling. The EME has also been prompted by its new members, which-include Citicorp and Merrill Lynch as well as NatWest, Barclays and Allied Irish, to look at crude oil futures.

Mr Sims, who will be president of the EME, and Mr Larry Gareghty are two of the for-mer CME people Mr McIner-nsy has attracted to his cause. Both were involved in setting up Simex, while more recently Mr Sims helped the Brazilians to establish exchanges in Rio de Janeiro and Sao Paulo.

In Dublin, he has picked a team

In Dublin, he has picked a team to start work next week. He is talking about moving ahead with a computerisod exchange – perhaps later this year – and adding open outcry as soon as a building to house all those willing cab drivers can be completed.

The exchange's next offering of 200–300 seats will be made later this year, but Mr Sims does not seriously expect many individuals to be able to afford the seats. What he to afford the seats. What he does hope is that the broker-age houses will take on some

Dubliners who will then be inspired to trade on their own

Sweder 7 * 9.
Sweder By 95.
Sweder By 96.
Sweder By 96.
Talyo France 75, 94.
Toyata Mtr. Cred. 9 90.
Toyata Mtr. Cred. 79, 92.
Victorian Rep 1119, 92.
World Basir 7 92.
World Basir 9 97.
Vessels Trust Fis By 93.

Erato Getzek 5 99. Irreland 5 102
Herricandiand 59 02
Polity Preck 6 92
Prov. of Gaster 5 03
Contan Abrusy 5 03
Contan Abrusy 5 07
SHV Helding 45 91

More Japanese equity sales by foreigners By ian Rodger in Tokyo

NET SALES of Japanese equities by foreign investors rose by 89 per cent last year to a record Y7,189.7bm (\$55.4bm). This was mainly because of a rush of sales in the wake of the worldwide stock market crashes in October. Meanwhile, Japanese banks and investment trusts made record share purchaseo, according to figures published yesterday by the Tokyo Stock Exchange based on reports by \$4 leading brokers. IBJ Sig 102
Japan Flemen Sig 97
Japan Flemen Sig 97
Johan Bay 97
Koren Dev BK 65g 10.
Kisteryik 65g 10.
Kisteryik 65g 10.
Cesters Keet BK 55g 10.
Portogal 55g 17
Portogal 65g 17
Reyal Insurance Sig 10.
Stancia 65g 17
Sec. Cent Machine 75g 10.
Streweng Sig 10.
Tokyo Siac. Pointe 6 17
Viewld Sic. 64g 17.

on reports by 34 leading brokers.

Net sales by foreigners in October alone totalled Y2,023.2bm (\$15.63bm), some 28 per cent of the total for the whole year. Brokers in Tokyo said at the time that many foreign investors were selling their Japanese shares because they needed cash and Japanese share values had not fallen as heavily in the crash as those elsewhere.

Assuming that much of the proelsewhere. ssuming that much of the pro-

ceeds of the sales by foreign-ers was converted into dollars and other currencies, the fig-ures suggest that this move-ment contributed signifi-cantly to the stability of the

Norsk Hydro reopens fixed-rate dollar sector

NORSE HYDRO, the Norwegian energy company, yesterday became the first borrower to tap the fixed-rate Eurodollarbond market for over a month, despite deepening uncertainty about the dollar and the short-term direction of interest

Central bank intervention buoyed the dollar yesterday

buoyed the dollar yesterday after early weakness. Yet concern about the strength of the US economy, especially shead of Friday's November US trade data, continued to weigh on the dollar bond market.

However, Swiss Bank Cerporation International, the leadmanager of Norsk Hydro's \$200m bond, said it was confident the issue could be placed with investors looking for new Eurodollar paper as many seasoned bonds are due for redemption soon.

Other dealers said the bond, which was lameted too late in the day to trade actively, would

which was immeded too late in the day to trade actively, would provide a good test of the depth of this demand. So far this year, retail investors have stayed away from the Burodol-iar sector.

the trained locals for the Chicago Mercantile Exchange's
project there.

Tax breaks

Tax breaks

Tax breaks

Tax breaks

It was the Chie's move to Singapore that inspired several
Chie traders to return to
their families' roots by setting up an exchange in Ireland. One of the Chie's locals,
Mr Jack McInerney, has been
trying to persuade his colleagues to move to Europe for

US Treasury prices in fairly thin activity. Towards the end of European trading time, these were slightly higher, having earlier given up initial gains, which had been fuelled by further falls in share prices and intervention to support the dollar.

INTERNATIONAL BONDS

INTERNATI

direction of the dollar.

The issue for Ireland dispelled widespread speculation last week that Denmark would be the first borrower in the sector in 1988. Current singuish market conditions appear to make it unlikely that Denmark—which usually borrows opportunistically—would launch a hond now, dealers said.

Ireland's 5% per cent bond, priced at 101%, was not thought likely to fire the market's imagination since it is not a favoured name. Some central banks are precinded from buying its paper as the country is

price of less 1%, the level of its total fees, said the bond was meeting fair demand. A further equity warrants bond for a Japanese borrower emerged yesterday, following two bonds last week, the first since the October stock market

paint kerrosones are quest trading and closed about % point kewer on the day having given up early gains fired by fower share prices and the weaker dollar. But Austria's Didlba bond was unchanged at less 1.40 bid. Domestic bond prices closed up to 1/2 point

In Switzerland, bond prices were narrowly mixed in very low volume. low volume.

Granges Exploration, the Canadian gold mining company, is offering in the international markets 500,000 units, each comprising two shares and one share warrant, through PaineWebber International. A further 500,000 units will be sold in the US.

Granges' shares were trading around \$6% on the American Stock Exchange yesterday.

Chase to reduce London staff

BY OUR EUROMARKETS STAFF CHASE MANHATTAN Securities, the London trading arm of it is ceasing to trade in any one Chase Manhattan Corporation, is cutting 19 dealers, salesment and analysts from its fixed income department, reducing its total staff to 101.

Chase said yesterday that the staff cuts would be spread across all the fixed interest markets in which its securities arm is involved, including US
Treasury bonds, glits and Eurobonds.

However, the bank claimed that the cuts do not mean that it is ceasing to trade in any one diste plans for any farther redundancies. Settlements staff are not included among the 19 and Chase hopes to redeploy some of those locing their jobs.

Meanwhile, the floating rate note market lost another market—making house yesterday when Predestial Sache Capital Funding, one of the UK subsidiaries of Prudential-Bache Securities, announced that it was

Bache'a London securities operations. None of its subsidfaries, with the exception of Clive Discount, is involved in any other short-term market.
The three dismissals terminate a long standing involvement in

the Eurodollar FRN market. Clive Discount will continue to trade Eurosterling FRNs

dismissing its three FRN dealers

The firm said it had become clear that an FRN market making capacity did not fit into the overall profile of Prudential:

FT INTERNATIONAL BOND SERVICE

Listed are the fatest international bonds for which there is an adaptate secondary market. ## STEARCH | Ste 400 995, 1005, 400, 401, 916
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G.M.A.C. 3 53.
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Hospit 32, 97. Horsels Pg 92.
Liberty Mattad Bg 96.
L.T.C.S of Japan 8 97.
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Mitsabide fts. 79, 93.

Deutsche Bank Aktiengesellschaft Westdeutsche Landesbank Girozentrale

Banque Nationale de Paris

£50,000,000 10 per cent. Notes 1994

Issue Price 101¾ per cent.

Kleinwort Benson Limited



Crédit Commercial de France

Privatisation and offer of shares on behalf of the Republic of France

The undersigned acted as adviser to Crédit Commercial de France and lead manager of the UK tranche

Kleinwort Benson Limited

April 1987



Crédit Lyonnais

£75,000,000 10½ per cent. Notes 1992

Issue Price 101% per cent.

Kleinwort Benson Limited

November 19t



Introduction to The Stock Exchange in London

Sponsored by Kleinwort Benson Limited

July 198



£100,000,000

Sterling Commercial Paper Programme

Kleinwort Benson Limited

December 1967

Lannée des

SUCCES POUI

Kleinwort

Benson

SOCIÉTÉ GÉNÉRALE

£50,000,000 9 per cent. Notes 1992

Issue Price 101½ per cent.

Kleinwort Benson Limited

May 19

Banque Indosuez

has acquired

l'Union Financiere de France S.A.

The undersigned acted as financial adviser to the vendors

Kleinwort Benson Limited

July 1967

COMPAGNIE DU MIDI

has acquired Equity & Law plc

The undersigned acted as financial adviser to Compagnie du Midi

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Kleinwort Benson Limited

BANQUE INDOSUEZ

£50,000,000 10¼ per cent. Notes 1992

Issue Price 101¾ per cent.

Kleinwort Benson Limited

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Cdif Chimie S.A.

£90,000,000
Acceptance Credit Facility

with multi-currency advances and tender panel

Kleinwort Benson Limited

july 1987



compagnie bancaire

£50,000,000 10 per cent. Notes 1992

Issue Price 101¾ per cent.

Kleinwort Benson Limited

December 198

The Kleinwort Benson Group

Showing a marked break with the past

THE ACQUISITION yesterday by the Financial Times of Les Echos, the leading French financial daily, is the most dra-matic example so far of a new strategy of international expan-sion at the FT.

in its centenary year the FT is adding to its policy of print-ing abroad, trying to increase the exploitation of information held on electronic databases and the acquisition of significant stakes in other financial and business newspapers around the world.

Mr Frank Barlow, chief executive of the Financial Times group, part of Pearson, publishing, entertainment and industrial conglomerate, said yesterday the expansion plan was outlined in a strategy paper prepared last April prior to Mr Rupert Murdoch'a acquisition of nearly 15 per cent of Pearcan's shares

The paper suggested setting up foreign language newspapers in joint ventures with local publishers and acquiring significant stakes where possible.

Last month the FT bought a 25 per cent stake in The Financial Post, a leading Canadian publisher of business and financial news which plans to launch Canada's first national business daily early this year.

Brewmaker, the manufac-turer of home brewing kits, has become the latest British com-pany to receive a takeover bid

ing its direction.
Under complex financial pro-

posals announced yesterday, a

majority stake in Brewmaster

Pentagon will complement

Smith's newspaper and book distribution businesses and will

tion activities.



Frank Barlow, chief executive of the Financial Times, with Madame Beytout, chief proprietor of Les Echos, signing the contract at Bracken House, the FT's headquarters, yesterday.

which celebrates its 80th annicent in the Australian Financial versary this year, has a circulation of about 80,000, most of it on subscription.

Les Echos also has holdings in other business publications, a number of specialist medical journals and a small stake in Canal Plus, the French subscription television service. At the same time as the deal with Madame Beytout, chief proprietor and president of Les Echos, was being finalised the FT was also in detailed negotiations with Australian business.

S African bid for Brewmaker

African-trained lawyer and businessman with experience m

property, the hotel industry and the provision of housing to

master by improving the per-formance of its existing activi-ties and diversifying,

particularly into the provision of housing for the elderly. This would include owning and oper-

The acquisition is being

The state of the state of

financed by £811,150 cash, £11.3m of variable rate loan notes 1989/93 with the balance

neurs intent taking control of a quoted UK vehicle and changing its direction.

would pass to a group of new particularly into the p investors led by Mr Tony of housing for the elder Actoo, who would become chairman. Mr Acton is a South

W H Smith in £12.9m deal

be run as a separate company made up of ordinary JA' shares by its existing management. in Smith.

Review, Australia's national Business daily, a deal which is expected to go ahead.

Mr Barlow conceded yesterday that the dramatic spurt of acquisitions "looks as if we are reacting to Mr Murdoch". However he said that talks with Mr Conrad Black, proprietor of the

Daily Telegraph, on a joint involvement in the Canadian venture preceded Mr Mur-doch's raid last September on

Over the past two years several other South African busi

nessman have bought into UK companies. They include Mr Ken Mand at Peek Holdings, Mr Darryl Phillips at Acsis Jewellery and Mr Bruce McInnes at Charles Baunes

Under the Brewmaster plan there will be a one for one rights issue to existing share-

holders at just ip, compared to the suspension price of 37p, which is designed to expand the

equity base. The new invest-ment group will suscribe for

The new investment group will then make a formal cash offer for the group at 6.32p a share. Shareholders are not expected to accept this, apart from a block of irrevocable

acceptances which would give the new investors 55.65 per

cent of the enlarged equity.

Charles Baynes.

Balladur: "Le moment est venu pour Chirac et Mitterrand de se déclarer candidats 🔭 🔔

Le Quotidien de l'Economie

Regain de confiance pour un dollar solidement soutenu

Barlow added yesterday.

A stake in the Australian Financial Review unexpectedly became available.

"It's pure chance," Mr Barlow At the time of the Murdoch purchases Pearson was criticised for not being more aggres-sive in exploiting the interna-tional potential of the FT. One of the reasons for the Murdoch stake, it was suggested, was the possibility for joint ventures throughout the world.

many are seen as longer-term possibilities. The acquisition strategy is a marked break with the past when the FT relied solely on printing abroad and in syndi-catiog its articles to other

newspapers. Clearly the paper has decided to take a more active role in its own destiny although the pol-icy of printing abroad will be also be extended — a new French printing plant will be added this year to Frankfurt and the US. Last April's strat-The French deal is the most significant so far and is worth the equivalent of £88m in cash and Pearson shares. The paper, and Pearson shares. The paper, and the acquisition of a 50 per way we run newspapers," Mr The Netherlands and West Ger day printing in the Far East.

Appletree profits hit by. **Hunters snack division**

W H Smith, the retail and distribution group, is to buy the Pentagon Group, a commercial stationery supplier, for \$12.9m in a deal which will add a third arm to its UK distribution.

In November, Mr David John- sector. son, chairman, warned that the

TBE DISAPPOINTING performance of the Hunters snack demand for crisps and other divisioo, foresbadowed in the chairman's current trading report delivered last November, resulted in sharply reduced profits at Appletree Holdings.

Although turnover for the year to October 4 1987 exceptional provision for the increased from £36.24m to \$42.71m, pre-tax profits fell by almost 33 per cent to £1.07m (£1.59m).

Appletree, the former USM-

(\$1.59m).

Appletree, the former USMQuoted fruit and vegetable ness in both branded and own importer and distributor, label sectors. Together with gained a full Stock Exchange listing last year following its tie-op with Hunters Foods, a privately-owned crisps and snacks manufacturer.

The directors said that the snack food division had a disaproportion of Irish beef processor Kildare Group, snack food division had a disaproportion was after encoun
end, the division had been successful in broadening its business in both branded and own the substantial cost reductions, this was expected to return the division to an "acceptable level of profitability".

The acquisition of Irish beef processor Kildare Group, snack food division had a disaproportion was expected to return the division of an acceptable level of profitability".

appointing year after encounappointing year after encounwould, said the directors, sigtering various problems in the
traditionally strong second
traditionally strong second
earnings and would take Appletree into an important new food

After tax of £199,287 (£259,509), earnings per 10p; share came out at 5.95p against. 11.3p last time. A final divi-dend of 2p is proposed, for an unchanged total of 3p.

Estates Prop receives bid approach

By Philip Coggan

Estates Property Invest

Estates Property Invest-ment Company amounced yea-terday that it had received an approach which might lead to a bid for the company. In August 1987, London Secu-rities, the property and invest-meot management group, increased its stake from 12.8 per cent to 25.1 per cent and amounced its intention of bid-ding for the group. However, ding for the group. However, the Tukeover Panel blocked the terms of the bid and there is speculation that London might be willing to sell its stake to another bidder.

enother bidder.

Epic, which is capitalised at around \$60m, said that it had also received other approaches which would oot oecessarily involve offers for the company.

CANNON STREET INVEST MENTS, industrial holding company, is to buy BHK (Cir-cuits), printed circuit board assembler, for a maximum of

of Ferrari importer By Andrew Hill bourn (Holdings), the Brier-ley group car dealer, has bought Maranello Holdings,

In its document, Free-mans points to four special factors which affected its profits. An unseasonably

wet June affected th

interim figures and that was followed by a poor September. Pre-Christmas sales were hit by the threatened postal strike and there were

Universal Stores, the retail group, which has a crucial 9.2 per cent holding.

TKM purchase

bought Maranello Holdings, the importer of Ferrari cars and parts, for \$15.8m.

The company will pay for Maranello with cash and \$11.7m of unsecured floating rate loan notes.

TKM bought Kenning Motor Group in May 1986 and already holds exclusive import concessions for Alfa Romeo and Dalkatsu in the UK and for Marda and Innocenti in France.

Maranello subsidiaries

Maranello subsidiaries hold the exclusive import concessions for Ferrari in the UK, Eire, Australia, New Zealand and the Far

tax profits of around \$1.12m and net asset value of \$2.6m for the year ended December 31 1986. For 1987 the company estimates pre-tax profits of \$2m and not

assets of \$4m. Maranello was founded in 1960 by Colonel Bonnie Hoare, its chairman, as sole concessionaire for Ferrari and since then has sold over

5,000 cars.
Colonel Hoare will stay on the board which will be chaired by TKM chief executive Mr Reg Heath;

New broker for Sound Diffusion

Sound Diffusion, the electrical equipment leasing group, thas appointed Panmure Gordon as its new stockbroker. The company's previous stockbroker, Sheppards & Chase, resigned in June in the midst of controversy over the group's pre-tax profits, institutional pre-tax profits, institutional pre-tax profits, institutional pre-tax profits, institutional pre-tax profits.

The company's andited figures and eventually Mr Paul Stomor, the chairman and managing director, resigned.

The new chairman is Mr David Macdonald, the former director-general of the Take-over Panel.

The second secon

FORD CREDIT CANADA LIMITED

U.S.\$ 50,000,000 Guaranteed Floating Rate Notes due 1988

Repayment as per March 24, 1988 According to \$3 of the Terms and Conditions of the Issue all Notes will be redeemed at per on Merch 24, 1988. The Notes will be paid in the United States of America at Commerzbank Aktiengeselischeit, New York City Branch, outside the United States of America at the principal offices of: Commerzbank Aktiengeseitscheft, Frankfunt/Mein Commerzbank International S.A., Luxembourg

The Notes shall coase to bear interest as per March 23, 1988. The coupon as per March 24, 1988 will be paid separately. Toronto, Ontario, Canada, January 1988

Ford Credit Canada Limited ...

F H Tomkins lifts profits 81% to £16.8m halfway

Sears hits

Freemans

THE BATTLE for Freeze the mail order company, intensified yesterday with a

profits forecast from the defending company and fur-ther share purchases by the bidder, Seara, the footwear, retail and bookmaking

defence

By Philip Coggan

out at

retail and bookmaking group.

Freemans, in a new defence document, forecast pre-tax profits of 238.2m for the year to Jamany 30, compared with E32.4m in the previous 53 week period. Earnings per share are forecast to be unchanged at 14.2p. But the directors intend to recommend a 40 per cent increase in the final dividend to 3.85p (2.75p).

in the final dividend to 3.85p (2.75p).

The figures were described by Mr John Brooman, Freemans chairman, as "testimony to the underlying strength of Freemans' business in a year of some unusual difficulties." would have to take action of uncertain prospects for the economy – translating into an exit p/e of perhaps 2 points less than a comparable UK acquisition.

Smith & Wesson was already becoming to benefit from your

some unusual difficulties."
However the forecast was immediately attacked by Mr Geoffrey Mairland Smith, Sears' chairman.
"We thought that the profits forecast wouldn't be worth waiting for, and we were right", Mr Maitland Smith said. "We thought that our increased offerwas generous at 22 times historic earnings and we now know that it represents now know that it represents 22 times prospective earn-ings". He described the divi-dend increase as "an act of

P H Tomblins, the industrial \$4.3m total in 1986-87 and was holding group, increased pretax profits by 81 per cent to full year. Despite this, and the \$16.8m in the six months to \$23.1m cash element of the October 31. Smith & Wesson, the US handgun maker bought New Zealand disposal and last year, made its first contribution, and Tomkins said the results included organic profits growth of 20 per cent.

Mr Gregory Hutchings, chief executive, said Tomkins was sooking for each rich and was looking for ampropriate takeover targets in the UK or US. "We could probably do a \$120m to \$130m acquisition for cash and be comfortable about it," he said. A larger purchase was possible, but less likely because of \$4.97m in bubling products, by Tomkins' conservative approach.

We're very pleased to see the stock market crash from a corporate point of view in that it gives us opportunities at corporate point of view in that it gives us opportunities at fixed from the oil-service shump more reasonable prices, "Mr Hutchings said. The price paid for any US company, however, would have to take account of uncertain prospects for the economy — translating into an Tomkins resents, and does

Tomkine resents, and does not deserve, being lumped together with more flighty brethren in its generation of mini-conglomerates. Smith & Wesson was already beginning to benefit from production efficiencies and quality the seven-year record loudly control. Profits were ahead by 10 per cent in dollar terms from the comparable pre-acquisition period. Tomkins did not break toon of its approach to "industrial management." Perhaps tion in the four months, but analysis estimated £3m to £3.2m.

The group pre-tax profits matched by Tomkins' dropping advance from £9.3m was its "F.H." In any case, it is full achieved on turnover 53 per matched by Tomkins' dropping advance from £9.3m was its "F.H." In any case, it is full achieved on turnover 53 per speed ahead for the full year. Cent. ahead at £142,7m. Dollar exposure does not advanced by 59 per cent to ing level, and Tomkins should have no difficulty in beating diluted. The interim dividend is increased by 35 per cent to shares on a fully-diluted prospective p/e of just over 12, relatively inexpensive in an interim dividend is shares on a fully-diluted prospective p/e of just over 12.

B&D offer attracts 1%

BY CLAY HARRIS

postal strike and there were also start-up costs of \$2.5m due to the lannch of two new "specialogues", Men Bymail and Classics Bymail. Sears announced yester-day it had nequired a far-ther 6.5 per cent holding, bringing its overall stake to 28.9 per cent. It has still not bought shares from Great Universal Stores, the retail Barker & Dobson, the stores cies at two of Dee's Gateway and confectionery group bid-stores in the North-east, ding 52bn for the much larger "Superstore retailing is a very

and confectionery group bidding \$25m for the much larger Dee Corporation, received competitive business, but Dee acceptances from 1 per cent of has allowed Gateway to fall shares by yesterday's first closing date. B&D, which already owns 0.5 per cent, extended its offer until January 25.

Mr John Fletcher, B&D chief executive, said, meanwhile. that jobs were at risk at Dee if the bid failed. He pointed to a dided a pet 5,000 jobs in the past 12 mouths.

London Scottish Bank up 16%

London Scottisk Bank, for- said that the number of merly London Scottish Finance

Corporation, revealed pre-tax profits up. 16 per cent to \$2.48m on turnover shead from \$15.17m to \$18.13m in the year to October 27 1987. to October 27 1987. basis. A final dividend of 1.25p.
Directors of the Manchesterbased personal finance group, adjusted 1.5p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year	
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lis & Everard	1.25	Mar 7 Mar 10	1.67*	1.8	4.67°	
owe (Robert)int	1.8 1.35†	-	1.2	2.8	1.7	
yko §int sters Groupint	1.1 1.5	Feb 26	1.1		2.6	

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. •Unquoted stock. •Third market. ‡After subdivision into 5p shares

ZETTERS GROUP

INTERIM REPORT

	7891 0002	1996
Turnover	10,069	9,249
Pre-tax profits	283	. 228
Earnings per share	2.74p	2.21p
Dividends per share	1.50p	1.40p

"The increase in turnover is attributable mainly to increased 'standing entry' gross stakes in response to our new promotional advertising. The opening weeks of the current half-year show a similar trend."

Paul Zetter, CBE, Chairman

Finance for Bids and Deals.

Finance for Property Development, Management Buy-Outs, PLC Tekeovers, Commodity Trading and Financial Services.

For financing without unnecessary red tape and direct access to the people who will construct it, we provide a fast, efficient and totally discreet service; everything you'd expect from a company with forty years experience and one which acts as the principal on all transactions. Minimum £1m.

Overseas Commodities Group Ospray House, 78-80 Wignare St. London Will GAS. Tal: 01-935 5276, Talen: 883979 Cosnedi G. Fax: 01-935 2505 (group 3). Ask for reference GF or CB



Tamar Mortgage Company No. 1 Limited a subsidiary of

THE MANUFACTURERS LIFE INSURANCE COMPANY

£150,000,000

Multiple Option Facility

arranged by

N M Rothschild & Sons Limited

Lead Managers

Commerzbank Aktiengesellschaft

TSB England & Wales plc

NM Rothschild & Sons Limited

The Bank of New York

Bank of Montreal

Co-Managers

Crédit Lyonnais

The Royal Bank of Canada

Tender Panel Banks

Bank of Montreal

CIC-Union Européenne, International et Cie Crédit Lyonnais

NM Rothschild & Sons Limited TSB England & Wales pic

The Bank of New York

Commerzbank Aktiengesellschaft PK English Trust Company Limited

The Royal Bank of Canada Union Discount Co. Ltd.



NMRothschild & Sons Limited

December, 1987

Who dominates M & A in the UK?

1985 M & A League Table

Financial Advisers in UK Public Takeovers:

Ranked by value of takeovers

Financial Advisers	N

No. of deals Value Em

29

25

22

16

14

10

13

16

9

al public takeover bids

3,143

3,129

1,714

1,482

1,386

1,279

752

685

629

606

1 Morgan Grenfell

1986 M & A League Table

Financial Advisers

Ranked by value of takeovers

Financial Advisers

No. of deals Value £m

13,964 12,016

9,990 7,963 34

7,701 26 7,050 24

6,830 20

5,647 25 20 5,376

4,105

ed public takeover bids

in UK Public Takeovers:

1 Morgan Grenfell

1987 M & A League Table

Financial Advisers in UK Public Takeovers:

Ranked by value of takeovers

Financial Advisers

No. of deals Value Em

1 Morgan Grenfell (1') 33	5,348
24 24 (Steen Value of Eq. (4)	5,238
1 Kleinwitz Bezisin (2) 22	3,669
4 Schröders (6) 25	3,580
5 Charterhouse Bank (9) 14	3,458
6 Samuel Montagu (11) 24	2,739
7 Baring Brothers (13) 15	2,447
8 Barclays de Zoete Wedd (12) 17	2,430
9 Lazard Brothers (15) 24	2,359
10 N. M. Rothschild (7) 17	2,147

1986 Ranking

Table based on completed and failed public takeover bids

NORGAN GRENFELL

Strength in Depth

US PILOT STORES PLANNED FOR SUMMER

Body Shop profits leap 74%

Body Shop International, the natural beauty products chain, yesterday delighted the stock

yesterday delighted the stock market with the announcement of an 80 per cent rise in 1986-87 earnings.

Turnover rose by 64 per cent to \$28.47m (\$17.39m) and pretax profits by 74 per cent to \$5.99m (\$3.45m). Earnings worked through at 18.6p (10.3p) per 5p share. The figures were ahead of expectations and the company's shares tions and the company's shares showed a sharp gain in a thir-

With outlets in 33 countries, Body Shop added 48 stores in

hits Wyko

Wyko Group, USM-quoted dis-tributor of bearings and power

transmission components, saw its profits fall from \$904,000 to

5763,000 pre-tax in the half year to October 31 1987. Sales remained fairly static at \$16.98m compared with \$16.56m.

brief improvement in order intake in UK manufacturing dur-

ing the final quarter of the 1986-87 year was not maintained and despite cost reductions, lack of volume adversely affected

profitability.

They added, however, that UK manufacturing should see consistent levels of sales and profits

maintained in the second half

which, together with cost reduc-tions and more lucrative work,

should ensure a return to modest profitability by year-end. First half results of the inter-

national division indicated sales and profits ahead by 6.5 per cent

and 2.7 per cent respectively. A decision to close the manufactur-

ing facilities in Germany resulted in an extraordinary pro-vision of £175,000.

Wyko will still have a presence

in Germany in sales, service and

Earnings fell to 2.2p (3.1p) per 10p share. The interim dividend is held at 1.1p.

distribution.

The directors said that the

Lack of

volume

the year to end-September 1987. It ended the financial year with a total of 279 outlets, 93 in the UK and the rest over-

In May last year, it cleared the way for expansion into the US when it bought the "Body Shop" trade mark from two US companies. Four pilot stores are likely to be opened in the summer this year on the East Coast. Since the year-end, Body Shop has contracted to build an additional 200,000 square feet of warehouse space to be occu-pied in July next year. A final dividend of 1.8p dou-

sis not particularly surprising given founder and managing director Ms Anita Roddick's apparent ability to generate substantial earnings growth each year between now and the turn of the century. Admitting, but justified.

bles the total to 3p after adjusting for a one-for-one scrip issue. A further one-for-one scrip is proposed.

• comment

Body Shop was one of those companies whose share rating remained positively Japanese despite the market crash. As yesterday's figures show, this is not particularly surprising

Carclo rises 94% to £3.6m

THE expanding Carclo Engineering Group, which in 1986-87 acquired Bruntons (Musselburgh) and Jonas Woodhead, increased pre-tax profits 94 per cent from £1.85m to £3.59m in the half year to September 30 1987

Group turnover rose 90 per cent from \$25.74m to \$48.88m with the UK contributing \$33m (\$15.9m) of this. The interim (3.15.8m) of this. The interim dividend is increased to 1.1p (0.88p) on earnings per 5p share up from 4.2p to 5.4p. Comparisons are restated by

Dewhurst

advances

to £0.59m

consolidating the results of the two acquisitions from the date of their purchase.

The attributable profit of \$3.73m (\$1.2m) was helped by an extraordinary credit of \$1.47m (nil) relating to the profit on sales of shares in Deritend Stamping.

The directors said that all divi-

The directors said that all divisions had good order books and most of the company's customers continued to enjoy good trading

The directors said that all divisions had good order books and nost of the company's customers ontinued to enjoy good trading onditions.

While the recent fall in prices

(\$45,000). The two biggest contributors to pre-tax profits were Woodhead with \$1.29m (\$170,000) and the card clothing division with \$1.14m (\$744,000). Group taxes amounted to \$1.3m (\$612,000).

Kunick surges to £3.4m

Dewhurst, an advanced control technology group, reported pre-tax profits up from \$352,266 end of the month.

to \$589,868 for the year to Sep-tember 27 1987. Turnover rose from \$4.45m to \$5.29m. The final dividend is raised from 0.8p to 0.94p for an increased total of 1.41p net compared with 1.2p. Stated earnings per share improved from 3.51p to 5.04p.

There was a tax charge of 5226,930 (599,521), and after an extraordinary debit of \$15,285 (\$18,961 credit), retained profits came out at \$347,653 against

of such machines in France, and the London and York Dungeons visitor attractions.
Mr David Hudd, the chairman,

Kunick yesterday announced shares under Rule 535 put a profits ahead 26.5 per cent to value of some \$40m on the company. It had 3,400 shareholders tember 30 1987, and said it had applied to join the USM. Dealings were expected to begin by the end of the month. other major institutions 20.9 per

Following acquisitions during the year and disposal of peripheral activities, the group is involved in care services for the elderly, operation of amusement for \$28.68m and operating profit 74 per cent to \$28.93m. Care services accounted for \$765,000 of turnover and services in the UK, distribution for \$765,000 of turnover and services accounted for \$765,000 of turnover and services for the service £98,000 of operating profit (in the three months since acquisi-tion), with machines UK \$20.8m visitor attractions.

Mr David Hudd, the chairman, (9.94m) and \$1.5m (\$783,000), said all divisions had opportunities for growth. He expected further substantial progress in the current year.

No new shares were being \$583,000 (\$528,000). Interest issued; latest deallnes in the received fell to \$579,000 (\$1.1m).

Ellis & Everard lifted by Blackwood Hodge in a strong US performance further

US move

Blackwood Hodge, one of the world's largest distribu-tors of heavy earthmoving equipment, yesterday announced details of its fourth US acquisition in last over a year. It is pay-ing a maximum \$16.5m (\$5m) for the Florida-based Linder Industrial Machin-ery Company.

By David Waller

Linder Industrial Machin-ery Company.

The latest addition pro-vides evidence that Black-wood has not changed its strategy of reducing its dependence on the UK and increasing its presence in the US. In common with most UK companies with significant exposure to the US, Blackwood's chares have fallen further than the market since Black Monday, losing nearly half their

losing nearly half their It brings the total spent on US acquisitions to \$56m since December 1986 and means that North America. with sales of \$310m, now

accounts for approximately half group turnover.

Unsettled stock market hits Ailsa

The unsettled conditions in the stock market contributed to a loss on trading activities at Alisa Investment Trust in the six months to the end of November 1987. The deficit on revenue after tax was \$19,009, against a surplus of \$927,000.

However, the interim dividend is to be maintained at 1p. Because of the unitisation proposals a second interim is being paid.

Not asset value at the end

(152.5p).

yesterday.

of the period was 143.7p As part of the proposals dealings in the ordinary and preference shares will be for cash settlement and immediate delivery of title documents with affect from

Eilis & Everard, the chemical distribution group; increased pre-tax profits by 24 per cent in the six months to October 31 1987 with the help of strong performances from the US and the Irish subsidiaries.

Sales in the US increased by 32.5 per cent to \$40.9m and even after allowing for the effect of the lower dollar, that represented a rise in sterling terms of 19.7 per cent. Group overall sales were 15.1 per cent. Group thingher at \$76.5m (\$£66.5m).

Pre-tax profits were \$4.1m (\$£3.5m) but a slightly higher than expected tax charge growth to 16 per cent. Earnings of 7.2p compared with last year's adjusted figure of 6.2p.

Mr Simon Everard, the chairman, said that the recent acquisitions (Apperson in the US and Euro and Eu

Zetters Group shows midway improvement

By Clay Harris

Zetters Group, the football pools operator, achieved pre-tax profits of \$282,894 on turnover of \$10.07m in the six months to September 30. The rise in turn-over was attributed to an increase in standing entry stakes, a trend which had continued in the current half.

The group spun off its hingo clubs into a separate quoted clubs into a separate quoted company, Zetters Leisure, less than a month before the end of the first half. However, its results yesterday, like those last week from the hingo company, assumed that the companies had been demerged for the entire period, as well as the comparable half of 1988-87.

On this basis, Zetters' profit improved from \$228.301 and its

improved from \$228,301 and its turnover from \$9.25m. Earnings per share rose to 2.74p (2.21p). Zetters is to pay an interim dividend of 1.5p (1.4p). This will raise to 2.6p the total first-half payment to shareholders who retained the two Zetters Leisure shares issued for each one held in the former parent.

Acquisitions help boost Robert Lowe profit 61%

ACQUISITIONS and improved trading have worked through at 1827,000 (5611,000), a margin of Robert H. Lowe in the year (59.19m) turnover. Pre-tax profit over rose by 45 per cent and pre-tax profit by 61 per cent.

For the current year the directions were anticipating substantially increased profits, on turnover forecast to exceed \$25m. Earnings abould rise regardless of the anticipated higher tax charge.

The group makes sports, lefter anticipated higher tax charge.

The group makes sports, lefter the first full contribution for Nelsons/Black, and first full contribution from Nelsons/Black, and results, were better than envisored the anticipated higher tax aged integration of D.H.Leonard was progreading well, and first full share should be greater than expected at the time of the purchase of Marks & Spencer and British acquired the Westcot companies Home Stores, and is principal UK (ties, scarves, leisurewear and boys, shirts), thereby substantially increasing the size and on increased capital, making 28p of 1988 but benefits would not apply in fall until 1988-89.

BOARD MEETINGS

. TODAY

-	Lines 1997 1879			
Autra Holdings	<u> </u>		Jan 1	
Dalphin Packaging.			Feb	
Frankriting Group		-	Feb	
Crown TV Products			Jan 2	0
Lookees		•	Jen 2	Đ
Soundbace			Jan 1	9
				_

GOLD MINING COMPANY REPORTS



For the quarter ended



Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct, London EC1P, 1/4J

Harmony Gold Mining Company Limited

ISSUED CAPITAL: R1J 442 325 IN 26 864 860 SH	ARES OF 30 CENT	S EACH	
	Querte	9 Months	
OPERATING RESULTS	21.12.1967	30.09 1957	31,12,1987
Ore miled (1): Gold—produced (kg):	2 249 800 6 667 2.85	2 406 000 7 054 2 93	4 955 000 13 711
Uranam—sime treased (if	730 000 40 000 0.056	789 900 44 200 9,055	1 529 900 84 800 0.055
Pyrite —concentrate recovered (t)	24 285 34 31	21 002 27 514 95.71	43 775 46 800 95.04
Salai cast (A:t m#adi Tatai profit (R:1 m#adit Gold price received (R:10) FRANCIAL RESULTS (7000)	30 352 8.41 8.41	89.54 12 17 20 405	88.13 8.81 30.381
Revenue -gold and silver. -uranium, pyrile and sulphuric acid.	202 054 10 065	214 501 15 774	416 557 23 838
Total revenue	212 121 188 947	200 902	442 356
Working profit Sundry revenue—nef.	12 174 2 961	29 263 1 783	41 457
Profit before taxation and State's ghare of profit Taxation and States share of profit	18 125 501	31 006 1 736	45 201
Profit siter taxabon and States	14 634	\$9 230	43 984
Capital expanditure	15 223	14 305	29 641

Durban Roodepoort Deep, Limited

SSUED CAPITAL: R2 325 000 IN SHARES OF #1.00 EACH

31.12.1967

Blyvooruitzicht Gold Mining Company, Limited

	Commis	• Herbs	
OPERATING RESULTS	21.12.7967	20.08.1967	31,12,1567
Over selfined (10: Gold processed (leg) Yeak (gol) Resentes (RVI melled) Cost (RVI melled) Profit (RVI melled) Profit (RVI melled) Resentes (ROODs. Cost (RVIDOS.)	368 000 2 430 3 57 153,36 111,81 41,85 85,678 82,578 82,789 22,188	589 000 3 (937 5 25 180.51 116 42 90.09 94 645 86 041 29 502	1 147 000 3 80 4.0 5.19 167,02 111.10 45,83 180 118 127 421 32 867
Gold price received (FURg) prisencyal FRESCIS (FURGO) Sendry revenue—net	20 274 21 185 942	29 302 29 302 283	- 62 667 1 723
Profit before Excellen and State's gages of profit	24 127 10 002	29 785 14 348	21 GB
Profit after brotton and States	14 045	15 447	29 402
Capital expenditure Dividend declared	\$ 974 18 900	9 005	1000
DIVIDEND Interm dividend No. 64 of 75 cents per share to 20 June no. 1869 to shareholden manufacted & Ex-	e declared on 7 De	comber 1937 paye on 24 December 16	ble on or about

For and on behalf of the board J. R. FORSES (Deputy Charmer)

M. G. MOSENTHAL Managing Objector)

Directors

East Rand Proprietary Mines, Limited

31,12,1997 17 023 1794 17 944 17650

BREAKING NEW GROUND EVERY DAY

APPOINTMENTS

Midland Bank finance man

Mr Simon C. Pennsy has been appointed finance director, UK banking at MIDLAND BANK from March 1. He is group chief accountant at Standard Char-tered Bank.

HENRY ANSBACHER & CO has position of deputy chief execu-

Mr Terry Munford has been appointed finance director and controller of FLUOR DANIEL. where he was group financial

GRAND METROPOLITAN CAR-DHOLDERS has appointed Mr Leslie T.R. Higgins as its manag-ing director. He joins from the Express Foods Group where he was export manager. . . -

Mr W.A. Cross has joined the board of CARLESS REFINING & MARKETING as marketing director. He was previously with Exxon Chemical. Mr John Ling has been

appointed engineering director of THOMSON ENGINEERING & MANAGEMENT. He was e director of Davenco UK and manager of construction of John Brown Engineers and Constructors.

Mr Christopher Jordan has been appointed finance director of ROSKEL HOLDING.

Changes at **Bowater**

BOWATER INDUSTRIES has eppointed from February 1 Mr Stuart Wallie as a director with responsibility for packaging and associated products in the UK and Europe. He will also become a non-executive director of Rexham Corporation in the US. Mr Wallis is a director of the Octopus Publishing group. Mr Henry Ball is shortly to retire as chief executive of the Bowater packag. ing and associated products group, but will remain on the group, but will remain on the board of Bowater Industries as a non-executive director.

Mr Paul Carter has been made Mr Paul Carter has been made managing director of PORTFO-LIO LEASING (UK), the UK operating leasing subsidiary of US Leasing International, part of the Ford Financial Services Group of the Ford Motor Co.

QUALITAIR AVIATION has appointed the following directors: Mr Tony Saville (technical), Mr Killl Carlison (component overhani), Mr John Philips (personnel director), and Mr Ted Evans (commercial director). Mr David Buckless has been

appointed sales director of GEC MEASUREMENTS. Mr Trevor B. Knight has been

appointed managing director of FRAZER-NASH DEFENCE SYSTEMS. This follows the resignation of Mr John Quinn at the end of last year. Mr Knight became chairman of Frazer-Nash Engineering in November.

TSL GROUP has appointed Mr Michael Smithwich, a non-executive director. He is managing where he was a portfolio mandirector of Nicklin Advertising.

appointed Mr Kevin Mortell its tive. He was national develop-finance director. tive its tive. He was national develop-ment manager at British Rail ment manager at British Rail Property Board. Mr Jay Desai has been appointed finance director of ARLINGTON
MOTOR HOLDINGS, a trading
division of Wincanton Group. He
was financial planning controller
at the Burton Group.

Mr Francis Tibbalds has been elected president of the ROYAL TOWN PLANNING INTERVAL He is principal of the Thbelds Colbourne Partnership. He was part of the team which worked on the Plan for Milton Keynes.

GRESHAM TRUST has appointed Mr Tony Diment as an executive director. He was a senior investment manager with 3 Ventures. Mr Trevor Jones has reagned as a director on joining Matrix Publishing Group, a com-pany in which Greaham Group is e minority equity investor.

Mr David Harman has been appointed a vice president of THE NORTHERN TRUST COM-PANY. He joins from Bank of Tokyo International.

Mr Kazurichi Mihara has been Mr Graha appointed vice president and director of portfolio manager at ALLIANCE chairman.



Mr F. Graham Sunderland, general manager of Yorkshire Bank, has been appointed to

HERITAGE has appointed Mr Gary Morley group financial director. He was previously with Blenheim Exhibitions Group. He as also become company secre-

Mr Jim Graham, senior vice president of the FOXBORO CO, has been epppointed its general manager for farrope.

BOB WHOLESALE has appointed Mr Graham White, managing director of Londis (Holdings), as

Docklands chief executive

Major General C. Jeremy chief executive of the LONDON DOCKLANDS DEVELOPMENT CORPORATION, and has joined the board. He was Engineer-in-

Mr Roger Tsui has been appointed managing director of the REMEX GROUP, and will be invited to join the board of Time Products in April He joined Remex in 1978, and was appointed a director in 1981, later becoming responsible for the watch movement division. He is president of the Hong Kong Watch Manufacturers Association. Mr Roland Baker hasbecome deputy chairman of Remex, and will be retiring as a director of both companies in

TAYLOR BLOXHAM has made the following changes: Mr Bruce Sharpless, managing director, becomes chairman. He will take becomes chairman. He will take over responsibility for the overall direction of the Print People Group, of which Taylor Hoxham is a part. Mr Paul Holchan, former deputy managing director. Mr Peter Holmes, sales manager, is promoted to sales director and Mr Tom Hewitt moves from production manager to production duction manager to production

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.



Blue Circle Industries PLC

(registered in England No. 66558).

issue of 75 million 7% per cent. Convertible Cumulative Redeemable Preference Shares of £1 each at 100p per share.

Application has been made to the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for all of the above Convertible Preference Shares to be admitted to the Particulars of the Convertible Preference Shares are available in the Extel Statistical Service and copies of the Listing Particulars may be obtained during normal business hours from the Company

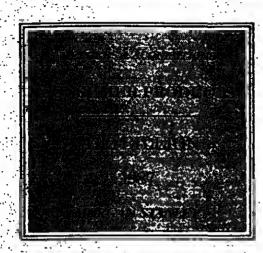
Announcements Office of The Stock Exchange on 13th and 14th January, 1988 and until 26th January.

Blue Circle Industries PLC Pontand House

Berkshire RG7 4HP

Bering Brothers & Co., Limited 8 Bishopsgate London EC2N 4AE

1988 (Saturdays and public holidays excepted) from:



The Gillette Company takeover defense \$5,500,000,000

Grand Metropolitan PLC acquired Heublein, Inc. (subsidiary of EJR Nabisco, Inc.) \$1,200,000,000

Beatrice International Food Company (subsidiary of Beatrice Company) acquired by TLC Group, L.P. \$985,000,000

Elizabeth Arden Inc. (subsidiary of Eli Lily & Company) acquired by Faberge, Incorporated \$700,000,000

American Brands, Inc. acquired ACCO World Corporation \$602,000,000

Guinness PLC sequired Schenley Industries, Inc. \$555,000,000

TI Group plc
divested its Domestic
Appliance Division
\$348,100,000

Joh: A. Benckiser GmbH
sequired
The Worldwide Consumer Products
Division of Ecolab, Inc.

\$242,500,000

The Dow Chemical Company pending sequisition of Lamaur Inc.

\$189,000,000

European Home Products ple acquired
Scholl International Inc.
Subsidiar of Schering Pleash Corporation

scquired
Scholl International Inc.
(subsidiary of Schering Plough Corporation)
\$160,000,000
Sheaffer Eaton Division
of Textron Inc.

Gefinor \$135,200,000

A Charles of the state of the s

y u

8

Jeffrey Martin, Inc. acquired by DEP Corporation \$73,000,000

Diversified Products Corporation (subsidiary of Grand Metropolitan PLC) acquired by DP-ACQ, Inc. \$37,500,000

Hudson's Bay Fur (authodiary of Hudson's Bay Company) acquired by Finnish Fur Company \$34,000,000

Afinomoto Co. acquired a 50% interest in Seven West Asian Subsidiaries of CPC International Inc. Price not disclosed

Ajinomoto Co.
sequired the remaining 50% interest in
Knorr Foods Co. Ltd.
(interest hald by CPC Interestional Inc.)
Price not disclosed

Gold Bond Ice Cream, Inc. acquired Popsicle Industries, Inc. (subsidiary of Sara Lee Corporation)

Price not disclosed

Sanraku, Inc.
pending acquisition of
Markham Vineyards
Price not disclosed

Seven-Up Bottling-New England Region (subsidiary of Philip Marris Companies Inc. acquired by Seven-Up Bottling Company of Philadelphia, Inc. Price not disclosed



TFBA Limited Partnership (a Kmited partnership formed, in part, by Bobert M. Bass Group, Isc.) acquired That Paradacating Company

Taft Broadcasting Company \$1,450,000,000 Six Television Stations

of Storer Communications, Inc. (controlled by Kehlberg Kravis Roberts & Co.) acquired by SCI Television, Inc. \$1,300,000,000

Continental Cablevision, Inc. pending acquisition of American Cablesystems Corp. \$750,300,000

Bell & Howell Company pending acquisition by BHW Acquisition Corp. \$678,400,000

JWT Group, Inc. acquired by WPP Group plc \$566,000,000

Television Station WTVJ-TV, Miami, FL of Wometco Broadcasting Company, Inc. (controlled by Kehlberg Kravis Beberts & Co.) sequired by

GE Property Management Co. (subsidiary of General Electric Company) \$270,000,000

Star Midwest Inc.
pending acquisition of
North American Communications Corp.
and
Four Cable Television Systems
\$239,000,000

\$239,000,000
Seven Radio Stations
of Price Communications Corporation
acquired by

Fairmont Broadcasting, Inc.

\$120,000,000 (in cash and notes)

Theatre Assets and related Real Estate of The Litchfield Company of South Carolina, Inc. acquired by United Artists Communications, Inc.

United Artists Communications, Inc. \$93,000,000

Television Station WTVG-TV, Toledo, OH, of Stores Communications, Inc.

of Storer Communications, Inc.
(controlled by Kohlberg Kravis Roberts & Ca.)
sequired by
Toledo Television, Inc.
\$65,000,000

Four Television Stations
of Clay Communications Investors
acquired by
Price Communications Corporation

\$60,000,000

Tak Communications, Inc. sequired
Television Station KITV-TV,
Honolulu, HI

\$50,000,000
Television Station WLOS-TV, Asheville, NC of Wometco Broadcasting Company, Inc. (controlled by Kohlberg Kravis Roberts & Ca.) acquired by
AMC of Delaware, Inc.
(an affiliate of Anchor Media, Ltd.)

\$50,000,000

Tak Communications, Inc.
acquired
Radio Station WUSL-FM,
Philadelphia, PA
\$32,000,000

Radio Station WASH-FM, Washington, DC of Metropolitan Broadcasting Corporation sequired by Outlet Broadcasting, Inc. \$29,250,000

Four Newspapers
of Clay Communications Investors
sequired by
Thomson Newspapers Limited
Price not disclosed

Continental Cablevision, Inc.
pending exchange of certain of its cellular telephone
seems for certain cable television assets of
Providence Journal Company
Price not disclosed

DKM Broadcasting Corporation pending acquisition by Summit Communications, Inc. Price not disclosed

Radio Station WIP-AM, Philadelphia, PA of Metropolitan Broadcasting Corporation sequired by Spectacor Broadcasting L.P. Price not disclosed

Television Station WPHL-TV, Philadelphia, PA of Providence Journal Company pending acquisition by Taft Broadcasting Company Price not disclosed

Transales, Inc.
(an affiliate of The United Stations Companies)
acquired a beneficial equity interest in
StarGroup Communications, Inc.
Price not disclosed

Wometco Cable TV, Inc. pending acquisition of Two Cable Television Systems Price not disclosed



Carter Hawley Hale Stores, Inc. shareholders' corporate restructuring and spin-off of The Neiman-Marcus Group, Inc. \$1,100,000,000

Safeway Food Stores Limited (subsidiary of Safeway Stores, Incorporated) acquired by Argyll Group PLC \$1,040,000,000

The Southern California Operations of Safeway Stores, Incorporated (controlled by Kohlberg Kravis Roberts & Co.) pending acquisition by
The Vons Companies, Inc.
\$410,000,000

Dixons Group ple acquired Cyclops Corporation \$400,000,000

Seaman Furniture Company, Inc. pending acquisition by SFC Holdings, Inc. (controlled by Kohlberg Krasis Roberts & Co.) \$360,000,000

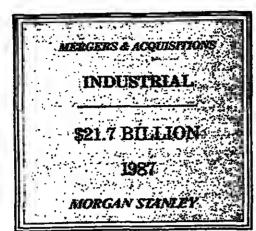
Hechinger Company pending acquisition of Home Quarters Warehouse, Inc. \$66,000,000

Dixons Group ple acquired Tipton Centers, Inc. \$30,000,000

Hooker Corporation Ltd.
sequired an interest in
B.Altman & Co. Inc.
(interest held by B.A. Holdings)
Price not disclosed

Standard Brands Paint Company sequired The Art Supply Centers of Bishop Graphics Inc. Price not disclosed

Areceil 31.



Kohlberg Kravis Roberts & Co. owens-Illinois, Inc. \$3,700,000,000

Investor Group led by Morgan Stanley Group Inc. Burlington Industries, Inc. \$2,842,500,000

Forstmann Little & Co. acquired Lear Siegler, Inc. \$2,100,000,000

Investor Group led by The Sterling Group, Inc. and including Morgan Stanley Group Inc. Seven chemical plants to form Cain Chemical Inc. \$1,080,000,000

Owens-Illinois, Inc. (controlled by Kohlberg Kravis Roberts & Co.) Brockway, Inc. \$750,000,000

Continental Aktiengesellschaft General Tire, Inc. (subsidiary of GenCorp Inc.) \$650,000,000

Rexnord Inc. Banner Industries, Inc.

TI Group ple Houdaille Industries Inc. (controlled by Kohlberg Kravis Roberts & Co.) \$490,000,000

Nippon Steel Corporation Inland Steel Industries, Inc. entered into a joint venture for a continuous cold mill project called I/N Tek \$400,000,000

Lear Siegler Instrument and Avionic Systems Corp., Lear Siegler Avionic Systems Lear Siegler International Corp. (controlled by Forstmann Little & Co.) acquired by Holding Corp., and Smiths Industries PLC \$350,000,000

Borg-Warner Industrial Products, Inc. (subsidiary of Borg-Warner Corporation) acquired by a private company organized by Clayton & Dubilier, Inc. \$240,000,000

Barber-Colman Company acquired by Siebe plc

\$227,500,000

Investor Group led by Morgan Stanley Group Inc. The Carnation Can Division of Nestle S.A. and the Monsanto Plastic Bottle Division of Monsanto Co. \$212,000,000

The Erwin Plant of Burlington Holdings Inc. Dominion Textile (USA) Inc. \$205,000,000

Lear Siegler Astronics Corp. and Developmental Sciences Corp. (controlled by Forstmann Little & Co.) General Electric Company PLC \$205,000,000

Imo Delaval Inc. IFINT—Incom Inc. \$166,600,000

The Blended Apparel Fabrics Division of Burlington Industries Inc. pending acquisition by Investors led by Citicorp Venture Capital and Management \$150,000,000

The Steel and Non-Residential Construction Businesses of Cyclops Corporation (subsidiary of Dixons Group plc) acquired by MSL Industries, Inc. \$122,000,000

Lear Siegler Precision Products Corp. (controlled by Forstmann Little & Co.) acquired by Investor Group including Acadia Partners, L.P. and BFM Aerospace \$97,000,000

Investor Group led by Drake, Goodwin & Co. and Morgan Stanley Group Inc.

Wolverine Tube, Inc. and Wolverine Tube, Ltd. (subsidiaries of The Henley Group, Inc.) \$85,000,000

Investor Group led by Management. The Lehigh Press, Inc. \$78,700,000

Fairfield Manufacturing Company Inc. of Rexnord Inc. acquired by Neoax, Inc.

\$70,500,000 Woodville Polymer Engineering Ltd. (subsidiary of Colt Industries Inc.) acquired by Dowty Group PLC \$57,500,000

Imo Delaval Inc. Baird Corporation \$53,000,000

Kiewit Holdings Group Inc. (subsidiary of Peter Kiewit & Sons Inc.) repurchased a minority stake in Thomassen Drijver Verblifa

\$39,000,000 Steinheil-Lear Siegler AG (controlled by Forstmann Little & Co.) acquired by British Aerospace PLC

\$27,000,000 Railway Maintenance Equipment Company of Rexnord Inc. (subsidiary of Banner Industries, Inc.) acquired by

Oak Industries Inc. \$15,500,000

The Tungsten Carbide Manufacturing Division of Smith International, Inc. Harbour Group Investments, Inc. \$12,000,000

The Linotype Division of Allied Signal Corporation Commerzbank AG

Price not disclosed Globe Metallurgical Inc. (subsidiary of Moore McCormack Re acquired by Investor Group led by Lee Capital Corporation

Konica Corporation Powers Chemco Inc. Price not disclosed

Price not disclosed

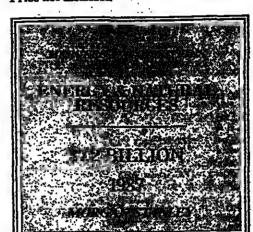
Midland-Ross Corporation (controlled by Forstmann Little & Co.) restructuring including divestiture of several business units Price not disclosed

The European Operations of Rexnord Inc.'s Process Machinery Division (subsidiary of Ramer Industries, Inc.) pending acquisition by Rauma-Repola Oy

Price not disclosed Mathews Conveyer Company of Rexnord Inc. (subsidiary of Banner Industries, Inc.) acquired by Babcock Industries Inc. Price not disclosed

SFD S.A. (ambaldiary of CdF Chingie S.A.) Casco Nobel AB Price not disclosed

Technochemie GmbH Verfahrenstechnik subsidiary of The Book Company PLC) equired by Deutsche Shell Aktiengesellschaft (member of the Boyal Dutch/Shell Group of Com Price not disclosed



Dome Petroleum Ltd. pending acquisition by Amoco Corporation \$4,200,000,000

The Forest Products Group of Owens-Himois, Inc. (controlled by Kehlberg Kravis R Great Northern Nekoosa Corporation \$1,185,000,000

Substantially all of the assets of Williams Realty Corp. (subsidiary of The Williams Cor acquired by affiliates of the Trammell Crow Company \$440,000,000

The Presley Companies, Blackfield Hawaii Corporation, Dunn Properties Corporation ... and Fredricks Development Corporation (subsidiaries of Pacific Lighting Corporation). acquired by Investor Groups

Wisconsin Electric Power Company Certain assets related to The Presque Isle Power Plant of Upper Peninsula Generating Company \$247,500,000

The Southern Company pending acquisition of Savannah Electric & Power Company \$241,500,000

Genstar Gypsum Products Company (subsidiary of Inaaco Limited) acquired by Domtar Ltd. \$241,000,000

Samedan Oil Corporation (subsidiary of Noble Affiliates, Inc.) Certain U.S. Oil and Gas Properties of Texas Eastern Corporation \$176,000,000

The McEvoy-Willis Division of Smith International, Inc. Cameron Iron Works, Inc. \$61,500,000

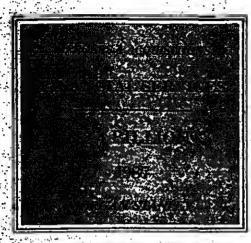
The Newhall Land and Farming Company Newhall Resources \$32,900,000

Interests in Indonesian Oil and Gas Production Sharing Contracts (held by Tidewater Inc.) acquired by Repsol Exploración (formerly Hispanoil) \$29,000,000

Arkansas Western Gas Company (subsidiary of Southwestern Emergy Company) pending acquisition of Associated Natural Gas Company (subsidiary of Arkansas Power and Light Company 2021 100 000 \$27,100,000

Pickands Mather & Company (subsidiary of Moore McCormack Resour-acquired by Cleveland-Cliffs, Inc. Price not disclosed

in the many states of the state of the state



The Bank of New York Company, Inc. offer to purchase Irving Bank Corporation \$1,250,000,000

Chemical New York Corporation acquired Texas Commerce Bancshares, Inc. \$1,200,000,000

Continental Bancorp, Inc.
acquired by
Midlantic Banks Inc.
\$686,900,090

The Conifer Group Inc.

sequired by

Bank of New England Corporation

\$656,000,000

The Marine Corporation pending acquisition by Bane One Corporation \$546,000,000

Republic Bank Corporation acquired InterFirst Corporation \$544,000,000

Allied Bancshares, Inc. pending sequisition by First Interstate Bancorp \$373,500,000

The Royal Bank of Canada pending acquisition of 75% interest in Dominion Securities Limited 1900 1970 1970 1 \$296,000,000

Equitable Life Leasing Corporation (subsidiary of the Equitable Life Asiarance Sectory of The United States) acquired by Lomas & Nettleton Financial Corporation \$280,100,000

Peoples Ban Corporation acquired by U.S. Bancorp \$278,000,000

Bank of Montreal sequired 75% of Nesbitt, Thomson Inc. \$218,000,000

Summeorp pending acquisition by Trustcorp, Inc. \$200,000,000

The Group Life and Health Insurance Operations of Transamerica Occidental Life Insurance Company (subsidiary of Transamerica Corporation) acquired by

acquired by Provident Life & Accident Insurance Company \$180,000,000

Valley National Corporation sequired Valley Utah Bancorporation

\$117,000,000

Manufacturers National Corporation

acquired

Affiliated Bane Group, Inc.

\$113,500,000

The Chubb Corporation acquired Sovereign Corporation

Sovereign Corporation \$105,100,000 BellSouth Corporation

BellSouth Corporation acquired Dataserv, Inc. \$96,500,000

McCullagh Leasing and Commercial Credit Corporation, Ltd. (subsidiary of Commercial Credit Corporation) sequired by Bank of New England Corporation \$77,000,000 AmSouth Bancorporation

First Mutual Savings
Association of Florida
\$49,600,000

Istituto Bancario San Paolo di Torino pending acquisition of Valley National Bank

Colt Industries Credit Company (subsidiary of Colt Industries Inc.) sequired by Goldome Corporation \$14,800,000

Bank America Investment
Management Company
(subsidiary of Bank America)
pending acquisition by
Monarch Capital Corporation

CrossLand Savings FSB sequired Western Savings and Loan Company Price not disclosed

United Overseas Bank Holding S.A.
(41% interest held by
BankAmerica International of
BankAmerica NT & SA)
acquired by
Banque Nationale de Paris
and Dresdner Bank



Allegis Corporation corporate restructuring \$5,574,000,000

Manpower Inc. sequired by Blue Arrow plc \$1,378,000,000

Charter Medical Corporation proposal to be acquired by Investor Group \$1,277,000,000

Overnite Transportation Co. sequired by Union Pacific Corporation

\$1,200,000,000 Allegis Corporation

acquired
Hilton International Co.
(subsidiary of Transworld Corporation)
\$980,000,000

The Greyhound Corporation sequired
The Dobbs' and Carson's
Airport Terminal Concessions

and Airline Catering Businesses of Carson Pirie Scott & Company \$390,000,000 American Airlines, Inc. acquired

AirCal Inc. (subsidiary of ACI Holdings, Inc.) \$220,000,000

Quality Care, Inc. (substiling of Grand Metropolitan PLC) acquired by Lifetime Corporation \$101,600,000

The Bus Operating Assets of Greyhound Lines, Inc. (subsidiary of The Greyhound Corporation) acquired by Investor Group led by Fred G. Currey Price not disclosed

The Interlake Steamship Company (schildlary of Moore McCownack Resources, Inc.) acquired by Interlake Holding Company Price not disclosed

Moore McCormack Bulk Transport, Inc. (subsidiary of Moore McCormack Resources, Inc.) sequired by Barker Associates Inc. Price not disclosed HERGES & ACQUISTRONS
TECHNOLOGY

\$4.9 BILLION 1987

MORGAN STANLEY

The Cellular Telephone and Paging Operations of Metromedia Inc. acquired by Southwestern Bell Corporation \$1,197,000,000

Emerson Electric Co. acquired Liebert Corporation \$430,000,000

Sprague Technologies, Inc. (subsidiary of The Penn Central Corporation) spin-off to shareholders \$340,000,000

The Detroit-Ann Arbor, Flint, Grand Rapids, Lansing and Toledo Cellular Telephone Companies (owned by Graphic Scanning Corp., Washington Post Co., Rapid-American Corp., RAM Broadcasting Corp., Western Union Telegraph Co., Associated Communications Corp., Cellular Communications Inc. and Investors)

acquired by
PacTel Personal Communications
(division of Pacific Telesia Group)
\$316,000,000

Spectra-Physics, Inc.
acquired by
CIBA-GEIGY Corporation
\$311,000,000

Combustion Engineering, Inc.

Bridge Communications, Inc. merced with 3Corn Corporation

Emhart Corporation pending acquisition of Advanced Technology Inc. \$140,000,000

Arrow Electronics, Inc.
pending acquisition of
The Electronics Distribution
Businesses of Ducommun Incorporated
\$134,000,000

NYNEX Corporation acquired Business Intelligence Services Ltd. \$107,000,000

Reuters Holdings PLC sequired Instinct Corporation \$106,500,000

The Control Systems and Industrial Systems Businesses of Rexnord Inc. (subsidiary of Banner Industries, Inc.) sequired by Texas Instruments, Incorporated \$65,000,000

British Airways PLC acquired Bedford Associates, Inc. Price not disclosed

The Pacing Products Division of Cordis Corporation acquired by Telectronics Holdings Limited Price not disclosed

Integrated Automation, Inc. sequired by Litton Industries, Inc. Price not disclosed

Thomson-CSF
pending acquisition of
Wilcox Electric, Inc.
(subsidiary of Northrop Corporation)
Price not disclosed

Thomson S.A.

pending acquisition of
The Consumer Electronics Business
of General Electric Company
Price not disclosed

SHAWEY

Falconbridge to restart shipping ferro-nickel

BY DAVID BLACKWELL

FALCONBRIDGE, the Canadian mining group, is to resume ship-ments of ferro-nickel from the Dominican Republic, the com-pany said yesterday.

A dispute over export duties which flared up between the group and the Government of the Dominican Republic just before Christmas helped to push prices on the London Metal Exchange past \$4 a lb for

the first time.

The company has now agreed to negotiate with the Government revisions to the agreement relating to its ferro-nickel operations in the Republic It has also agreed to make a pre-payment to the Government of 10m pesos (about \$2m) to be applied against what it called "future taxes"

LIME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes Aluminium standard -3,825 to 29,200

Aluminium high grade -3,825 to 29,200 Aluminium high grade -3,125 to 47,900 Copper -8,625 to 52,300 Lead -275 to 15,150 Nhckel -368 to -218 Zinc +1,075 to 45,800 Tin +30 to 19,485 Silver (oz). -16,000 to 19,740.000

But an official added: "We

But an official added: "We are still not going to pay any duty." Last month the company - the world's second largest ferro-nickel producer - described the proposed export duties as "prohibitive."

The dispute stopped a shipment of 1.8m lbs (about 817 tonnes) of ferro-nickel bound for Europe from leaving the Dominican Republic on December 17. Falconbridge pointed out yesterday that production out yesterday that production of ferro-nickel, which is used principally by stainless steel makers, had continued throughout the suspension of ship

The price of nickel on the London Metal Exchange dipped as low as \$3 a lb in the early morning before closing at \$3.15 a lb yesterday. Analysts expect the price to remain at about this level, which corresponds with the prevailing price before the Falconbridge announcement

last month.
The bullish fundamentals in the market remain, they said noting that stocks in LME ware houses had fallen by 366 tonnes to 4,218 tonnes after rising in the past two weeks.

Fresh peace talks called on Canadian port strike

BY DAVID OWEN IN TORONTO

THE TWO sides in the monthold Canadian grain handlers strike have been called to Ottawa to resume talks under the ausoices of Mr William Kelly, the top federal government labour mediator.

Mr Kelly was recently involved in high-level negotiations involving the Canadian post office, the railways and Air Canada

The move appears to be a last-ditch attempt to resolve the dispute, which has para-lysed the Pacific coast Prince Rupert grain terminal, before Parliament reconvenes next Monday, Sixty-nine members of the Canadian Grainworkers' union have been on strike since December 9 over a decision to hire non-union supervisors to perform some functions at the

highly-mechanised terminal. Mr Pierre Cadleux, the Labour Minister, was non-com-mittal about whether or not he would legislate an end to the strike should Mr Kelly's efforts

The strike has now put the country so far behind in its shloments that the Canadian Wheat Board is considering re-routing supplies to the eastern seaboard at an estimated additional cost to farmers of some

C\$15m (£6.5) a month.
"We have lost the ability to export somewhere in the vicinity of 500,000 tonnes a month out of Prince Rupert", said one Board official. "If some of the grain from Prince Rupert goes to the east coast," he added We are talking about costs of C\$30 a tonne.

Surge in orange juice futures

By Deborah Hargreaves in Chicago

US ORANGE juice futures prices soured over the last two trading days following the news that Brazil had increased its prices for con-centrate exports to the US. The January futures contract was up by some 13 cents per lb to around \$1.75 a lb as Friday's rumours about the price rise led to aggressive shortcovering and fresh bnying interest by processors, according to Mr Stephen Platt, commodities analyst at Dean Witter

in Chicago.
Futures prices continued atrong yesterday as two of the major Brazilian exporting firms said they had increased prices to around \$1.81 a lb - a rise of some 15 cents.

The orange juice market is expected to experience some tightness in coming months, according to Mr John Walker, president of Florida's Citrus Association.

For several years Brazil-ian imports have picked up the slack in the market that was not supplied by Florida was not supplied by Florida growers during freeze peri-ods. "But this year, the Bra-zilians are indicating we can't rely on them," Mr Walker said.

The Brazilian crop is expected to be lower this

year due to dry weather. during the growing period and an upturn in Brazil's exports to Europe. The price rise, which represents an increase of 30 per cent over the last two months, has been made to reflect the lower value of the del-

Orange juice yields for Florida's crop are expected to be down at 146m gallons this year from last year's record 150m gallons. US consumption is around the 250m gallon mark,

Orange juice futures which trade on the New York Cotton Exchange also sew a heavy volume in Fri-day's trading despite the fact that price limits were in place for all other con-tracts apart from January, These contracts remained "limit-up", which means, they had reached their limit of a five cent price move

Grain trader seeks court protection

COCOA E/torme

COTRA SA Empresa Comercial Exportadora, one of Brazil's leading trading companies, sought court protection from creditors in pre-bankruptcy proceedings filed last Friday. In 1985 the company ranked fourth among the country's export-import groups in terms of net operating results.

According to a report pub-lished in the Gazeta Mercantil, a leading business newspaper, the company cited a \$10m loss on rice imports in 1986 as a leading cause of its problems. During that year the Govern-ment incorrectly projected that rice imports would be needed to

company's imported rice spoiled after stilting for six months at a congested Brazilian

According to a leading grain trader, Cotra's financial difficulties were well known in the market over the last few years. Cotra's creditors are believed to be mainly Brazilian banks.

A life-long quest for the perfect pig

WHEN I took to farming many the grading rules laid down by years ago a wise farmer told me that even if I kept a herd of they went against him. After pigs for 50 years they would all, he had little option. All that even if I kept a herd of pigs for 50 years they would neither bankrupt me nor make me rich. Most of the time, he said, they would do just well enough to stop me selling them.

After devoting my best efforts to the problem for more years than I care to remember I am bound to confess that he was right.

was right.

My pig farming apprenticeship began as a young student
on a Danish farm, of which my
main memory is of constant
hard work in cold weather. The
closest I was allowed to the
secrets of Danish pig farming
was to clean out the sties on
Sunday mornings. Then as now
Denmark'a pig farming was
recognised as respresenting the
state of the art, but little can be
learnt about balanced rations
and their formulation from the was right.

and their formulation from the tines of a dung fork.

I eventually started my own herd, using the best stock then available, and contracted my output to the old Pigs Market-Ing Board.
I soon discovered that how-

ever well bred the parent stock was there was no guarantee that their progeny would match up to them. I should have known this of course, because there are a whole lot of evironmental factors which affect production, such as temperature and feed quality. There are also different genes within each family of a species and they react differently.

There was, however, another and much more fundamental difference between me and my

Danish counterparts.
The Danish farmer of those days was a disciplined and loyal co-operator. He obeyed

By John Cherrington

good fresh pork market and prices on this were frequently above those for bacon pigs. Dealers would call round the farms making tempting offers which were difficult to resist. What infuriated some of us was to find that these same dealers. to find that these same dealers were supplying the bacon facto-ries at prices which were higher than those on our con-

In the end an outbreak of swine fever enabled me to sell out the pigs and at the same time I moved to another farm-where there were no pig buildings. So I was able to cancel my contract with the Pigs Marketings. So I was able to cancel my and carcase grading, as far as contract with the Pigs Market British pigs are concerned, is ing Board with a fairly clear still in its infancy.

nothing sacrosanct about the demand for lean British pigs co-operative principle which is has expanded enormously and held up to us as the ideal to pork is the fastest growing

eral purpose pigs mainly for the fresh pork trade. They were all graded under the rules of



the Meat and Livestock Com-mission. I was paid on the grad-ing results and conformed with

I had good breeding stock and used artificial insemnation to secure the best results, but secure the Dest results, out things did not turn out too well in the grading. It seemed that however carefully the parents were chosen there were hig dif-ferences in the way in which the carcases of the offspring

A great deal depends on the thickness of the shoulder fat

Conscience should not really enter into it at all. There is no doubt though that over the last few years the nothing sacrosanct about the demand for lean British pigs aspire to. It suited the small meat product on the market, farmers of Denmark, the Netherlands and other places to history seems to repeating band together to attack particular markets collectively. And it the pig market have been those

snited them sometimes to impose some pretty stiff sanctions against the unco-operative just to make them conform.

I went back again into pigs in a fairly big way some 25 years but what might be called general purpose pigs mainly for supplies and buyers who says the fresh pork trade. They was the fresh pork trade. They was a marginal shortage.

Margins became very bad a couple of years ago, however, and I decided to run down the and I decided to run down the herd. If I had been younger and had the capital available I would have put in a more modern set up. In fact I retained the nucleus of my breeding stock so that I could be in business again within a short time. But I believe British pig breeding is on the wrong lines these days. The Europeans are using a general purpose pig which can be tailored to fit whatever market suits It at the time. There seems to be no need for specialised grading as for our pork or bacon pigs. It all looks as though it will be much easier in future.

For my part I still have an interest in pigs, or rather in one pig. He is quite the ideal animal, needing no feeding and making no mess. He is house-trained and lives in the sitting the TV expenses. room watching the TV, especially the snooker. And as he is immortal he will never be subject to grading.

He came about like this. He came about like this.

James, a local sculptor, asked if he could carve some of my pieces of elm into the shapes of farm animals. I sketched what I thought was the ideal pig shape for modern demands and told him to carry on. I told myself that with this model always before me I would have something to go on when the need arose.



It did not work out like that at all. James produced three pigs. One we would call a runt, harry, with a squashed up nose. Another sat upright with a flat smout for holding a glass. The third was Sydney, whose likeness accompanies this article.

"This not what I showed you," I complained. "But this is how I saw them," came the reply. An artist, I was told, did not work to orders like a photographer.

I took to Sydney in the end. I took to Sydney in the end.
His stuck np ears resemble
nothing so much as the roofs of
the Sydney Opera House, hence
the name. And in his shape he
has every characteristic, good
and bad, of every pig I have
ever owned. The only attention
he requires is a gentle massage
with a dab of Cherry Brandy,
which seems to give him a rosy
glow.

He is, in fact, the ideal house-hold pet. I wish that I had met him 50 years ago — it would have saved me a lot of money

Indonesia may seek bigger tin quota

improved export quots when much of its nstural advantage the executive committee of the to high cost producers like seven-member Association of Malaysia under the accord. The Producing Countries meets with one member, Bolivis, in Kuala Lumpur today to discuss progress on the supply observers expect indonesia to rationalisation scheme agreed push for an increase to match last March.

Historically the world's second largest tin producer, after Malaysia, Indonesia played a decisive role in winning members' approval for the association's plan, which set out to the man and the warranting Polycomes in the warra tion's plan, which set out to tonnes in the year ending Feb-limit exports in an effort to reduce the overhang of stocks currently depressing the mar-ket.

Stocks of PT Tambang Timah Indone-sia's state tin company said last

20,000 tonnes by August, from a level of 80,000 tonnes a year

Prices low

Ten months into the agreement, however, prices remain low, barely changed in US dollar terms, at \$3 per lb, and actually down in sterling or Malaysian dollars.

Industry officials in Jakarta

NDONESIA MAY press for an feel Indonesia conceded too current production capacity.

Mr Soctaryo Sigit, Director week, however, that Indonesian General at Indonesia's Mines production would be 27,000 Ministry, says he expects world stocks to run down to around capacity is put at 30,000

Timah, now the world's laradjust to the market crash, pre-cipitated by the collapse of the international Tin Council's price support activities in Octo-ber 1985, when prices fell from US\$12,000 a tonne to present levels of less than \$4,000. In the last year the company has undergone a major shake ont with around 100 senior officials either replaced or relo- of whom are employed in

announced new plans to diver-sify operations into the manufacture of pewter and solder at a proposed site on Batam Island, Indonesia's free trade one opposite Singapore.

Joint venture

In addition Timah hopes to form a joint venture marketing concern with a private Indone-sian company, which officials say will handle around 20 per cent of Timah's exports. Previously all Indonesia's exports were shipped direct to custom-ers, having been warehoused in

Singapore.

"Using our own trading agency is more profitable because it will be able to

officials insist there will be no retrenchment in the industry. Through early retirement schemes the company has already been able to reduce its payroll by between 5 and 10 quota at the ATPC ministerial per cent to around 26,500, most meeting due next month.

ated. Timeh's mining operations on Last week Mr Sujatmiko Bangka Island off East Suma

"We have to find an equilibrium between what is the company's potential and the interests of our workers," says Mr Sutopo, Timah's press spokes-

According to one official estimate a further 100,000 are dependent on Timah for supply and service contracts and it is these people who have suffered most from the downturn in the company's fortunes.

Timah is expected to announce results for the year in the next few weeks, Figures for 1986, when the company reported pre-tax profits of Hupiah 46.8hm (£15m) compared with a loss in 1985 of Rp 12bu, were largely the result of a revolution of the remnant. release products when prices are valuation of the company's hard currency reserves following the Government's 33 per cent devaluation.

Coffee falls on quota disappointment By David Blackwell

COFFEE PRICES fell in London yesterday in thin volume, partly because of disappointment that the meeting on Friday of the International Coffee. Organisation executive board was adjourned without a deci-

The price of three-month robusts closed down &13 at \$1,206 a tonne.

sion to cut export quotas fur-

The market seems always to be waiting for a cut or an ICO meeting to spark trading interest, dealers said yesterday.

The next quota cut - of a further im bags - will take place summatically next week if the 15-day moving average mice remains below 120 cents. This is the floor level of sup-

This is the floor level of supinternational coffee agreement, which took effect last October. Yesterday the indicator price stood at 114.95 cents a lb. A further quota cut next week would be the third since the agreement became opera-tional, and would leave the

total export quota at 64.5m

meet domestic demand. The AND THE PROPERTY OF THE WORLD COMMODITIES PRICES

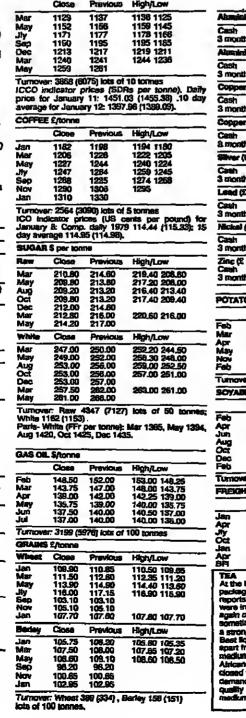
LONDON MARKETS

International Freight Futures Exchange (Biffex) continued their bull run, reaching (Biffex) continued their bull run, reaching an all—time high of 1,498 points for the April contract before profit—taking halted the advance. The contract closed with a limit rise of 50 points at 1,495 points, with 793 lots traded. Dealers said that sentiment remained strong. All components of the Baltic Freight Index, on which the contract is based, moved higher leaving the BFI 30.5 points higher at a record 1,350. Traders expect the three-month contract to breach the 1,500 level soon. On the London Metal

three-month contract to breast the 1,500 level soon. On the London Metal Exchange copper prices moved ahead, fusiled by an uptrend on Comex.

Analysts said this market seems to be on course to test the recent record high of £1,500 paid last week for three months

SPOT MARKETS		
Crude oil (per barrel FOB Ja	anuary)	+ 01 -
Dubel	\$15.25-5.35y	-0.19
Brent Bland	\$16,60-6,85	-0.175
W.T.J.(1 pm est)	\$18.90-7.00y	
Oil products (NWE prompt	delivery per to	
Premium Gasoline	A	+ br -
Gas Ot	\$162-165 \$153-155	-0.5 -1
Heavy Fuel OR	\$75-77	•
Naphtha Petroleum Argus Estimates	\$146-148	-1
Other		
		+ or -
Gold (per troy oz)& Silver (per troy oz)&	\$483.75 694c	+0.75
Platinum (per troy oz)	\$506.50	+2.50
Palladium (per troy oc)	\$127.75	-0.25
Aluminium (free market)	\$1990	-50
Copper (US Producer) Lead (US Producer)	139%-145¢ 40¢	-3
Nickel (free market)	330c	-5
Tin (European free merket) Tin (Kusia Lumpur merket)	£3830	-45
Tin (New York)	17.21r 821.5c	-0.08 +1
Zinc (Euro. Prod. Price)	2960	••
Zinc (US Prime Western)	44.375e	
Cattle (live weight)† Sheep (dead weight)†	104.94p 163.49p	-0.02
Pigs (live weight)†	64.35p	-15.70° -4.63°
London daily suger (raw)	\$244.8Qv	+4.00
London daily sugar (white) Tate and Lyle export price	\$248.50v	+3.50
	2241.00	
Barley (English feed) Malze (US No. 3 yellow)	£111.00 £138.00	-1.50
Wheat (US Dark Northern)	£97.75u	
Rubber (spot)¥	68.50p	-0.50
Rubber (Feb) ♥ Rubber (Mar) ♥	68.00p	~0.50 ~0.50
Rubber (KL RISS No 1 Feb)	67.75p 250.50m	+3.50
Coconut of (Philippines)§	\$575.00v	
Palm Oil (Malaysian)§	\$500.G0	+5
Copra (Pndippines)§ Sovabeans (US)	\$380.00 £173.50	~1.50
Cotton "A" index	74.00c	-0.20
Wookops (84s Super)	484p	
£ a tonne unless otherwise	atted p-pen	ce/kg.
c-cents/fb. r-ringgit/kg. w-Fi	Not Commit	VFeb.
z-Dec. y-Feb. u-Apr/May † i average fatstock prices. C	s most egasti	week
890. Y London physical mai	ricet. G CUF Flo	Xiercinco
4 Buillan market close, m-k	raiaysien/Sing	PAPORE

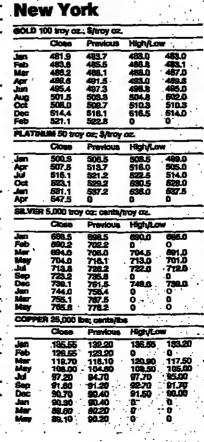


LONDO	LIGETAL EX	CHANGE		(Prices supp	ed by Amalg	emisted Metal Trading
	Close	Previous	High/Low	AM Office	ai Kerb ck	se Open Interest
Abmicke	a, 99.7% put	by (5 per towns)			Piting	turnover 1,400 tonne
Cash 3 months	1990-2010 1875-95	1995-2010 1880-90		1995-200 1875-85	1875-95	2.858 lota
		ty (P per torme)			Filmo	turnover 28,625 tonne
Cash	1096-7	1105-10		1098-100		
3 months		1034-5	1033%/02		1024-4.5	50,053 lots
Copper,	Grade A (2 pe	r tonne)			Aling	turnover 87,875 tonne
Cash	1600-5	1580-5	1575	1575-7		
3 months	1438-9	1408-9	1438/1373	1408-8	1428-7	, 75,406 lots
Copper,	Standard (E p	er tonne)				Ring tumover 0 tonne
Cesh a months	1565-65 1406-15	1520-30 1390-400		1525-35 1375-85		53 lots
Store (U	S cents/fine o	uncel				Ring tumover 0 ozo
Cash	690-3	689-82		694-6		
3 months		701-4		694-8 705-7	700-5	700 lots
Lead (£ ;	er tonne)			100	Ring	turnover 8,800 tonne
Cash	352.5-3.5	358-0	353	353-3.5		
3 months	343-4	360-1	349/337	343-3.5	341-2	12,033 lots
Mickel (E	per tonne)				Ring	turnover 1,470 tores
Cash	4020-5	4200-10 4005-10	0000	4000-5 3855-60	3820-5	A BAT Loss
3 months		4005-10	3680/3820	3000-00		9,645 lots
Zinc (2 p	er sonne) 477-8	480-1	480	479.5-80	HURIG	tumover 9,000 tonne
3 months	481-2	480-6	483/479	482-3	481-2	12,420 lots
POTATO	ennot/2 25				LLION MARK	
		wiques High/Lo	w	Gold (fine az)		£ equivalent
Feb Mar		1.50 99.00 1.00		Opening	48312-484	265-26514
Apr	150.90 149	2.90 151.50 1		Morning fix	485.30	265.910
May		1.30 166.00 1	63.00	Attemoon for Day's high	453.90 485%-486%	205.267
Feb		.00		Day's low	483-4831/2	
Turnover	524 (749) lot	s of 100 tonnes.		Coins	\$ price	2 equivalent
SOYABE	AN MEAL E/M	X116		US Eagle Mapleleaf	498-503	273-276
	Close Pre	vious High/Lo		Mapleleaf Britannia	498-503 498-503	273-276 273-276
Feb	140.00 136	.50 138.00		Krugerrand	482-485	264-266
Apr	130.50 130 121.50 122	150 130.00 1 100 125.50 1		1/2 Krug 1/4 Krug	251-260 125-133	137%-142% 68½-73
Jun Aug	120.00 120	1.00	2000	Angel	487-602	2124-2751
Oct	121.50 120 123.00 123	1.00 1.00		1/19 Angel New Scv.	49-54 113%-114%	27-29% 62%-63
Dec Feb		.00		Old Sov.	113%-115%	824-834
Turnovec	230 (357) lob	s of 100 tonnes.		Noble Ptst.	525¼-531½	28814-292
	FUTURES E/					
	Cione Pre	wlous High/Lo	w			
Jan		4.5 1450.0 1	385.5	Silver fix	p/line oz	US cts equity
Apr	1495.0 144	8.0 1496.0 1 4.5 1383.0 1	458.0		383.90 392.40	699.00 711.70
Jiy Oct	1423.0 136	0.0 1423.0 1	380.0	S months	401.15	724.A5
Jan Abr		0.0 1415.0 1 0.0 1462.5 1	390.0 435.0	12 months	419.35	751.60
PAR		9.5		I CHINCH NEW	M. PYPHANE	E TRADED OPTIONS
TEA				Aluminium (96		Calls Puts
At the Lo	xxxxon the auc a on offer inci	tion there were 2 uding 2,400 offst	1,478	Strike price \$		Mar May Mar May
reports t	he Tea Broks	rs' Association. /	Asseme.	1800		167 137 49 117
again ca	me in for mon	slity but plainer il e competition an	4 1 :	1900		100 95 90 178
sometim	es put on 4-6	o. Bangladesh te	25 M6(.9	2000		67 64 147 239
Best Icu	oring East Afi	rigas advanced (rigans tended ea;	sier,	Aluminium (96		Calls Puts
spart fro	m selected du	ricans tended ea: ats which sold w So desire. Cook	reil, but	1750 1850		197 141 37 99 182 97 71 152
Atricans	sold quite rea	Sp dearer, Centr day and plainer (085 .	1950		84 84 121 217
Closed Vi	yry strongly. <	Mishora tees me	t good	Copper (Grad	A)	Calle Puts .
Germand .	at 11111 10 006 850 8 kg. 11017	rer rates, Quotat tinal (186p nomin		2400		394 814 108 225
medium	125p (125p); i	ow medium 98p	(900).	2600		277 228 187 335
L			لبيسين	2800		168 162 295 465
					•	

US MARKETS REPORTS THAT Saudi Arabia may apply discounts to its prices eased energy

futures, reports Drexel Burnham Lambert. Trade and light commission house selling eased crude oil futures ere lacidustre, and sliver was again the most active contract, easing on local and commission house selling which touched off light stops before trade buying emerged around the lows. A smaller-than-expected increase in copper stocks led to a further rally in futures. Sugar rallied on early trade buying but, after failing to hold the highs, tell on commission house and trade selling which touched off stops. Cocca railled on a weaker US dollar, then eased as locals liquidated. Cotton fell as reders liquidated positions in advance of yesterday's crop report. Orange julce underwent a correction to recent strength. Cettle futures opened.

unexpectedly weaker, influenced mainly by outside markets, but then recovered reflecting good fundamentals.



Chicago CRUDE OIL (Light) 42,000 US gate \$/berrel 16.77 16.61 16.51 16.48 16.34 16.30 16.46 16.45 16.45 610/0 918/0 627/4 633/0 631/0 619/4 615/4 Jan Mar May July Sep Nor Jen Mar 53.73 50.34 47.22 45.53 44.73 44.45 51.96 46.90 46.10 44.75 43.80 43.50 22.15 22.50 22.46 22.47 22.45 22.30 22.15 22.17 22.25 22.52 22.50 22.65 22.65 22.65 22.65 22.65 22.65 22.65 22.65 22.26 22.50 22.50 22.60 22.40 22.40 24.10 24.20 1892 1917 1948 1970 2010 2040 2070 1891 1918 1944 1973 2008 2037 2067 1887 1913 1941 1972 2020 2053 0 189.5 184.0 181.5 180.3 180.0 180.0 179.0 179.5 181.0 COFFEE "C" 37,500lbs; care 127,40 136,00 131,95 134,00 0 125.51 129.10 131.60 134.00 0 195/2 200/4 204/2 205/6 209/6 220/2 9.81 9.70 9.70 9.73 0 9.87 9.80 9.24 9.23 8.22 8.22 0 9.50 9.50 Mar May Jul Sep Dec Mar \$27/6 \$27/0 \$17/6 \$20/6 \$30/2 \$87/2 65.70 66.65 66.65 64.03 63.00 64.10 64.43 64.31 64.74 65.50 0 62.40 64.00 LIVE CATTLE 40,000 lbs; cents/foe Feb 68.55 65.85 Apr 67.92 67.47 Aug 67.97 67.20 Oct 68.82 68.30 Dec 64.40 64.00 LIVE HOGE 30,000 b; cer ORANGE JUICE 15,000 Ibe; cer 45.55 43.92 47.10 47.70 46.32 41.20 41.42 45.60 44.10 47.35 48.00 48.60 41.45 41.60 44.95 42.75 45.36 47.00 45.80 40.75 41.25 43.32 46.90 47.55 46.10 41.25 41.80 Jan 8. Jan 7 minth ago yr ago 1754.1 1754.0 1685.5 1594.2 DOW JONES (Base: December 31 1974 = 100) 55.72 55.75 57.22 57.47 56.15 56.40 57.80 57.67

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention limits \$ fall

FURTHER INTERVENTION by central banks limited the dollar's fall on the foreign exchanges yesuerday.

The US Federal Reserve was reported to have bought dollars as sent to any bought dollar as fall on the foreign but was nichanged at traced DMI-188 to compared with DMI-188 to compared with DMI-188 to employ to the another round of co-ordinated European intervention, involving the Bank of England, Bank, of Italy, Swiss National Bank, and Dutch Central Bank.

Earlier in Tokyo the Bank of Langland, Bank, and Dutch Central Bank.

Earlier in Tokyo the Bank of Langland, Bank, of Italy, Swiss National Bank, and Dutch Central Bank.

Earlier in Tokyo the Bank of Langland, Bank, foreign to move against the US currency. This was one a mixture of concern about falling share prices on Wall Street, and rumours that the US budget deficit has been underestimated, while it is also feared Priday's November US trade for improvement over October's record \$17.630n.

The dollar fell to DMI-6540 on Swissing the amount of the contral part of the follar fill to the rise in import prices and in food Exchange rate index 237.9 cm DMI-6565, to FF15.5250 from Friday's November US trade for improvement over October's record \$17.630n.

The dollar fell to DMI-6540 on Swissing the amount of the sin import prices and in food Exchange rate index 237.9 cm DMI-6565, to FF15.5250 from Friday Ray by the sin import prices and in food Exchange rate index 237.9 cm DMI-6565, to FF15.5250 from Friday Ray by the Bank of Japan Royal Bank of Lapan Ray Bank of Ray Bank of

months ago.

Sterling rose in line with other major correncies in Being Fine Europe and Japan against a Back to the control of the control of

5 IN NE	W YORK	1 1 1 1 1 2
Jan 33	Latest	Presions Close
2 Spot 1 months 3 months 12 months	1.8720-1.8230 0.26-0.24pm 0.76-0.72pm 2.82-2.72pm	1.8065-1.8075 - 0.24-0.24pm 0.76-0.72pm 2.82-2.72pm
Forward premi	nets and discounts	apply to the US

STERLING INDEX

		 17 ort	Previous
6.30	209	 75.5	75.2
30.00	. 24	 75.5	752
11.00	20	 756	753
3.00	-	 755	7.4
2.00	pat	 · 75.5	75.3
4.00	, per	 755	[753
	-	 	
			-

Jea.11	音音字	Drawing Rights	Correscy Dails
Sterling J.S. Dodher J.S. Dodh	5377231 12 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	0.7601A6 1,37172 15,9915 47,4409 8,73100 2,254660 7,65000 1667.19 177,630 154,660 8,22278 1,8462 180,990 0,852004	0.692717 128562 1.62827 1.45352 43.2383 7.93428 2.06644 2.32107 4.977.53 15.19.24 16.1305 7.497.10 140.693 7.497.10 1.586.22 1.586.22 1.586.22 1.586.22 1.586.22

. Jeall	Bank of England index	Morgan Generally Changes %
erthog S Dodge	755 757 7624 1914 1912 1914 1919 1919 1919 1919 19	185 120 -88 -108 -108 -215 -115 -115 -115 -115 -115 -115 -115
Margan Gazraety	changes: #	rerage : 1980-

THER	CURRENC	IES
Jan 11	Ž	\$.
genthue estralla	9,5485-9,6450 2,5630-2,5660 136,120-136,875	5.2350-5. 1.4080-1. 74.6280-7

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1 Journal 1 1 Comment

MONEY MARKETS **UK** rates nervous but steady

barely changed, despite a weaker trend in equity markets. There had been fears over the weekend that Friday's fall on Wall Street would have sparked off a further bout of selling in London. However, despite an inital fall in equity prices, dealers reported little real selling activity and the effect on interest rates was subsequently reduced.

Three-month interbank from December 4

Three-month interbank

Three-month interbank money was unchanged at 9%-8% p.c. while the sixmonth rate eased at one point to 9%-9% p.c. from 9%-9% p.c. The Frankfurt, call me quoted at 3.05 p.c., the Friday's level. Short ten before comming back to 9% p.c. Three-month interbank

CESI/AI CESI/AI CESI/AI	Arresty among among Eco	% change from control ritte	% change adjusted for discrepance	Divergence Last %
42,4580 7,85232 2,15855 6,90403 2,51943 0,758411 3485.58	43.2385 7.93428 200.54 4.97153 2.52007 0.777808 2539,24	+1.84 +1.05 +0.35 +0.98 +0.07 +1.22 +2.40		±1.5944 ±1.5404 ±1.09£1 ±1.3674 ±1.5012 ±1.6684 ±4.0752

DUND		ORWARD A	GAINST	THE PO	UND
may 11	Day's	Clese	One month	×	Three

January 11	Day's	Close	One month	%. 22	Three months	24
US	1.8145-1.0280 ;	1.6210-L8220	0.29-0.26cpm	1.81	0.76-0.719	1.61
Carada	2300-23525	23470-23480	0.0746s-0.03 page	0.10	0.17-0.0tm	0.18
Verberlands		3.302-3.353	15-Decem	4,93	4'a-31'200	455
Belghou	6230-6255	62.40-62.50	21-3cm	251	48-26pm	237
Deemark		11.441-11.351	1 cm-lered	-1.05	I con woreds	-035
retard	1,1220-1,1245	1.1225-1.1235	0,10-0.04cpm	0.75	0.25-0.30pm	8.62
N. Germany	2971-2385	2974-2984	15-Diame	6.04	45-3-46m	5.53
octopal	240-2461	244° 246°2	65-130m	-4.79	305-408ds	-379
onelia	202,66-203,74	202.86-203.52	60-90cds	-4.43	139-206ds	-3.40
126	21294-21964	. 2192-21925 ₂	1-68re/kg	-1.92	6-15ds	-192
larvay	11.661-11.524	11.504-11.504	54-65-poness	-6.79	15%-17ds	-563
-	10.051 -10.071	T0'0E/- 70'0E/	Lean-Leans	-0.67	- loos-lacks	-0.22
weder	10.784-10.024	J0101-101001	Agreed agreedy	-0.56	2 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	-0.71
(agan	233-234	233-234	Lie-System	514	3-23-000	4.71
Lastria	20.94-21.02	- 20.94-20.97	Se-Section.	5.01	20-21/	4.35
Switzerhad	2424-2435	2434-2444	13-Decree	7.38	4-33-0	6.05
Belgino rate		es. Finnichi fen	6250 6260 , S	L-mails	rend dater 1.5	1.45cp

CURRENCY RATES

, <u>, , , , , , , , , , , , , , , , , , </u>	(hay's spress	. Class	. One worth -	74	Three media	7.
Austria	12875-12908 18325-18460 34,14-34,38 4,263-6,32 1,6305-1,445 134-135 11(20,11)-0 5296-320 5296-3256 5301,-5596 127,70-12858 1148-11553	18210-18220 14600-14210 14600-14210 14600-14210 14605-14895 5425-5425 6280-627 1460-1543 1160-1512 1203-1203 6310-63 12016-152	0.29-0.25cpul 0.14-0.97spul 0.19-0.22clis 0.49-0.45cpm 0.50-1.15cmclis 0.58-0.5splus 66-0.05splus 9.30-3.05mclis 0.56-0.5splus 0.56-0.05clis 0.75-0.45cmclis 0	设设	0.75-0.77 jam 0.45-0.35 jam 0.45-0.35 jam 0.45-0.35 jam 1.35-1.30 jam 2.03-4.00 jam 2.15-1.35 jam 2.25-27.50 jam 11.30-1.70 jam 11.50-1.70 jam 11.50-1.50 jam 11.50-7.50 jam 1.50-7.50 j	169 155 28 07 159 749 486 314 450

CURRENCY MOVEMENTS EURO-CURRENCY INTEREST RATES

. san	Shert term	7 Days notice	(Ima Mount)	These Mostly	Six	. Year
Starting US (Balle Can, Dolle Can, Dolle D. Gelster D. Gelster Superscholar Fr. Frust Isalian Live R. Fr. (Plus) Yes U. Know Acian SSimp		STATE	Party Mark Street	STREET STREET	ACTION NOT STATE	THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAM

i	EXCHA	NGE (ROSS	RATE	S			∷ .			٠	CURRE	NEY FUT	URES	
٠,		-										P00)(3-6	PEREISH E	XENANG	ā
٠,	Jan 11	2	\$	DM .	Yes .	F Fr.	\$ 67.	H FL	Line	C\$	OF.	LEGS	1.173	3-min 18032	1
•	9	1	1.822	2.983 1.637	233.5 128.2	10.07 3.527	2.438 1.338	语	2192 1203	2.00 1.338	62.45 34.28	The second second second			3
ķ.		0.549	-1	1.637	1282	3.5ZT	1.335	1,1,009	1203	1.338	34.28	INN-STEA	Libra de per	2	_
7	YEN	U35 126	9411	12.78	78.28 1000	33%	10.44	냈	734.8 950	0.817 10.44	20.94 267.5	Mar Jun	1816	18180 1800	1
	F Fr.	0,410	1.809 0.747	2 %2 1 224	27L9 95.7	10.	2.421	1374	377 8771	2.472 1.000	62.02 25.62	Sep		18040	_
•	H.FL	0.297	0.544	0.890	69,70 106.5	3,006	0.728 1112	1	1000	0.725	1844 2849	LIFFE-STE	\$1.00A 225,	100 \$ per	£
	H.FL.	0.66	0.544	1361	106.5	4,594	2112	1.524	1000.	1112	28.49		Clear	High 1.8215	
-		0.470	A		-	4390	1000	1 274	9007	$\overline{}$	20.00	Na-	12166	19512	4

8 Fr. 1401 2908 4777 3739 1612 3904 5384 3500 3904 100

(11:00 a.m. Jan.	III 3 months	U\$ dollars	. 6 wouths US Culturs				
Md 73	mfi	er 74	1 10	77	offe	71.	
The fiding cases are the STORE specied by the sa Westmonter Bank, But MONEY RATI	arket to five res ak of Tolgo, Don	ereace benis	# 11.00 am.	cach working	dry. The bank	s are Hallin	
NEW YORK (Lunchtime)		he south	Treasury Bi	4.72 Three	75		
Prime rate		pro per		5.95 Fam:	year	2.44 2.76 2.74 9.11	
Japany 11.	Overnight	Ove	Two	Three Manths	Str Months	Lordard lateryeaties	
Frankfurt	3.00-3.15 7.96.875	330-3A5 8,00 2,00	330.345 8.25	335-350 830 230	3.40-3.55 8.75	4.50 7.50	

LONDON MONEY RATES

Three-month interbank money was unchanged at 9%-8% p.c. while the six- month rate eased at one point to 9%-9% p.c. from 9%-9% p.c. Overnight money opened at 8½-8% p.c. and fell to 7% p.c. before comming back to 9½ p.c. Late balances were bid at 8 p.c. The Bank of England forecast a shortage of around £700m, with factors affecting the mar- ket including the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £414m and the unwinding of previous sale and repurchase agreements a further £527m. Banks bal- FF771.50n at an unchanged rate moon. Late help came to £25m, lan1 loversight 7dm hand love		tional assistance in the after-							
month rate eased at one point to 9%-9% p.c. from 9%-9% p.c. Quoted at 3.05 p.c., the same as 100 p.c. of 100 p.c.	money was unchanged at	noon. Late help came to \$25m.	Jan 11	Overnight			Three Months		Que Year
sinces were brought forward of 7% n.c. The facility matures ments 3.50 per cent dust these ments 4.50 per cent their things ments 4.50 per cent	money was unchanged at 9%-8% p.c. while the sixmonth rate eased at one point to 9%-9% p.c. from 9%-9% p.c. Overnight money opened at 8%-8% p.c. and fell to 7% p.c. before comming back to 9% p.c. Late balances were bid at 8 p.c. The Bank of England forecast a shortage of around £700m, with factors affecting the market including, the repayment of any late assistance and bills maturing in official hands together with a take up of Treasury bills draining £614m and the unwinding of previous sale and repurchase agreements a further £527m. Banks' balances were brought forward	making a total of \$621m. In Frankfurt, call money was quoted at \$05 p.c., the same as Friday's level. Short term liquidity remained in good supply as funds continued to find their way into the system as a result of intervention by the Bundesbank to support the US dollar. In Paris the Bank of France announced a sale and repurchase tender, with successful applicants reciving funds today. This coincides with a maturing facility which will drain FFri52 2bn from the system. The tender resulted in allocations of FFri13bn at an unchanged rate of 74 p.c. The facility matures.	Intertaint Offer intertaint Bid Starting Cha. Local Antherity Benis. Local Antherity Benis. Local Antherity Benis. Discusses Bids Benis. Discusses Bids Benis. Discusses Bids Benis. Discusses Bids Bids Bids Bids Bids Bids Bids Bid	9.50 7.50 8.575 8.575 8.50 8.50 8.50 8.50 8.50 8.50 8.50 8.5	notice 8.25 8.375 8.525 8.625	8.75 8.425 8	4.0625 8.9375 9.00 9.00 2.9575 9.1225 9.1225 9.1235 9.1235 9.1235 6.1235 6.1235 9.1235 6.1235 9.1235	9.375 9.1875 9.1875 9.1875 9.1875 9.25 9.25 9.25 9.25 7.40-7.35 6.125 6.25 6.25 6.25 6.275 6.125 6.25 6.25 6.25 6.25 6.25 6.25 6.25 6.	9.73 9.5625 9.50 9.50 9.50 9.75 9.75 9.75 1.75-7.70 6.6075 6.6075 7.8625 6.7075 7.8626 6.7075 9.708 80 80 80 80 80 80 80 80 80 80 80 80 8

suggested that pressure on UK rather erratic, with traders equities was comparatively grasping at straws in an attempt to establish some trend.

Consequently, opening rises in sterling based instruments were relatively modest - the March short sterling price up by the underlying bearish tone in equities. The inevitable flight to quality and the prospect of lower share prices morning, as traders awaited the

LIFFE LINE CILT FUTURES SPTRIKS

Estimated Volume 730(311) Province day's open lat, 589(580)

Est. Vol. 6382(12875): Previous day's open St. 27196(24651)

THEFT MANYY SIGNATURE LA

Est. Vol. 825308959) Previous day's open (et. 26631/25689)

Estimated Volume 6099(11143) Previous day's open ha, 143)

1-min 3-min 6-min 12-min 1-min 1-min 1-min 12-min 1-min 1-mi

Cam | High | Los | Pres. | 18145 | 18180 | 18140 | 18045 | 17915 | 18045 | 17915 | 18045 | 17915 |

174.30 177.50 173.00 180.40 179.80 179.80

LIFFE BS TREASURY MAKE PRYCHES APTICALS

SCHOOL SERVE

Sterling prices firmer

LIFFE TRADING was influenced mainly by activity in equity markets yesterday. Values were marked up in early trading amid fears that Friday's fall on Wall Street would prompt a similar decline in London. Equities were indeed marked down at the start, but an absence of selling volume suggested that pressure on UK equities was comparatively slight.

Consequently, opening rises in sterling based instruments in sterling based instruments in the indepth of the day gilt promised by the dollars weaker trend. This came despite concepts the underlying bearish interest rates, kept these contracts above Friday's close.

The March gilt price opened at 16-27, up from 116-00 and touched a high of 116-30 before closing at 116-26. The release of UK retail sales for November and producer prices for December and producer prices for December

certed central bank interven-tion. The March price opened at 87-02 from 86-28 and touched a high of 87-11 before closing at 87-03.

25.65 27.90 28.60 12.50

145 119 145 119 120 155 110 159 140 790 745 946 125 1115 185583333 35253555 1551 4555555B

1335,550 178			President	ntesi volum ns day's o	e total, C	alls 0 Parts 6	e 639			-
	CHICA	60								
	STORAGE	150 m 100%	(CRT) 8	*		JAPANES YELLE	ber ATON E AEM (LAUN)			
117-02 117-00	Mar Jan Sep Dec Mar	1.stest 26-16 25-16 24-22	High 87-20 86-17 85-00	86-15 85-16 84-22	84-16 84-16 83-23 83-23 83-23 83-23 83-23	Mar Sep Dec Mar	0.7978	0.7850 0.7910 0.7978	0.7830 0.7834 0.78370	0.76 0.76 0.76 0.76 0.86
	Sep Des	:	=	:	교생	MENTSCH MELES, M	E MARK (1900 O \$ per DM	0		
77m 93-20	Sep Sep	:	:	:	79-17 79-17	Mar Jan Sep	0.6209 0.6209	0.6156 0.6220	0.6208	0.63 0.63 0.62
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BV7.	Mar	baest 93.83	13.57	95.86 93.52	Pres. 93,77	AHEEF-H	1967N EH200	OCT WE	MM)	
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Prices taken at 5pm and change is from previous close at 9pm

EWORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Monday 13 January,1988 . In some cases the rate is nominal, Market rates are the avange of haging and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rule, so direct quotation available; (F) free rate; (P) based on US dollar partities and going starling-dollar rules; (T) burist rate; (Bus) basic rate; (bg) buying rate; (Bk) busicers rate; (cm) commercial rate; (ch) convertible rate; (to) financial rate; (ecf) exchange certificate rate; (cc) non commercial rate; (nom) nominal; (n) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF 2 STERLING	COUNTRY	CURRENCY	Z STERLING	COUNTRY	CURRENCY	VALUE OF 2 STERLING
Afghanistan	Alchani	93.25	Geraltar	Gloratian 2	1.00			r583.84
Algeria	Lask Disease	10.0763	Greece	Drachma	237.53 11.4525	Paragray	Carrer!	1582.75
Algeria	Dieser	9,04	Greenland	Danish Krone	11.4525			
Andorra	French Pranc	9.04 (10.0650 (203.20	Gends	E. Caribbons \$	4,92			60.21
Angola	Specish Peseta Kumaza	56,085	Cantilloupe	Local Franc U.S. S	10.0650	Peru	lati	(76.63
Artique	E. Carribeans	4.92			1,8215	,		114.62
Argeotica	Austral	9.5969	Gantetrale	Quetzzi	4683.4)			TIADE
Aruta	Florin	3.2787	Galory	Franc	619.82	Philippines	Peso	36.70
Asstralla	AustralianS	2.5645	Goines-Bissan	Peso	1184.95		re Sterling	36.70 1.00
Austria	Schilling	20,955	Geyang	Geyanese \$	16.36	Pitcaire Islands	M.Z. Dotter	2.7895
Azerts	Portuguese Escusio	26.35				Poland	ZJoty(o)	5B2,44
Salaran	Batoro S	1.8215	Haiti	Courte	9.1075	Portugal	Fermio	582.44 245.355 1.8215
Bahrain	Pileton	LUCIS	Hang Koog	Lempira H.K. \$ Foriat	3.6490	Puerto Rico	U.S. S Riyal	1.8215
Balcoric Islands	Soundsk Peseta	7.6860 203,20	Hoosey	Foriat.	85,2203	Quiar	ec year	6.6240
Bangladesh	Taka	55.50				Regnion isie de la	French Franc	10.0650
Barbelos	Barbados \$	3,61,36	lariand	Icelandic Krong	66.35 23.40	Romania	Law (c)	25.26 134.30
Relations	Belgian Franc	(62.45	mas	tratan Rapce Ruptah Rtai	23.40	Responds	Les (c) Franc	134.30
Belize		162.55	Indonesia	Polytan	3023.71			
Benin	C.F.A. Franc	3,6430 503,25	iras	Iraqi Dingr	121.50 0.5634	St Christopher	E. Caribbean S	4.92 1.00 4.92
Bermoda		1,8215	iraq irish Republic	Punt	1230	St Helana	E Cartisbono S	1.00
Rhutas	Newstrans	23.40	3730	Shokel		St Pierre	French Franc	10.0650
Bolivia	Ngaitrum Bolivians Pola	4.01 2.9025 3.9741	Kaly	Lira	2.86 2192.25	Ct Viewant	E. Carlibbean S	492
Botswess	Pola	Z.9025	wary Coast	C.F.A. Franc	503.25	San Marine San Toole & Princip DR . Saudi Arabia	Italian Lies	4.92 2192.25
British Vireia Islands	Cruzado	3.9741	Iamaica	Januaican Dollar	9.8125	San Toole & Princip DR.	Dobra Rival C.F.A. Franc	59.5016
Sonel	U.S.S BranetS	3.6813	Japan	Yen Jerdaniae Disar	233.50 0.6095	Saudi Arabia	Riyal _	6.8345 503.25
Releases	Constitute of	15134	(A) (A)	Total Division	U.8073	Several	C.F.A. Franc	503.25
Burian Fast	C.F.A. France	602.26	Karreschee	Rief	WA	Sierra Leone	Rupee	9.34 39.10
Borns	KYE.	10.8865	Kerna Kirinati	Kerrer Shilling	30.40	Singapore	Leone Dollar	3.6913
Burned	Surund Franc	212.70	Kirihati	Antion C	2.5645	Singapore		3 5796
All your			Korea (north)	Wen Won Kawaiti Digar	30.40 2.5645 1.7122	Somali Republic	Shitting (d)	3.6813 3.5796 218.944
Carade	C.F.A Franc Caracian S	5/3.25 2.3475 2/3.20	Korez (south)	Won	1499.02	South Africa	Rand	(3.5670 (5.6953
Casery Islands	Spanish Pesets	2012	KING	Vinished Digits.	m ware			15.6953
Care Marrie Istonie		162.60	Less	New Kip	63,7525	Spanish Ports In N Africa Sri Lanka	Peseta Spanish Peseta	203.20
Cayroan (stands	Carreau isles \$ C.F.A. Franc C.F.A. Franc	7 5270	Lebasco	Letwoese Z Makei	863.57	Sri Lanka	Change	55.40
Cest Air. Republic	C.F.A. Franc	503.25 503.25	Lesson	Maleti	863.57 3.5670	Sadan Republic	Pound toX(I) Gelider Lileageni	4.5538
Chad	C.F.A. Franc	503.25	Liberta	Liberian \$	1.8215	Serfren	Gelider	3.2514 3.5670
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Colombia	Cod Page	6.7295 484.02 508.25	Consposed	Lixenbourg Franc	62.45	Sweden	Kroce	10,8050
Comore Islands	C.F.A. France	508.25				Seria	Print (c)	2.4375
Conta (Brazzaniile)	C.F.A. Franc	503.25 125.243	Macao	Patera	14.6188 245.355 1956.75 3.7770	Syria	Dellar (a)	7_1494 52_96
Cesta Rica	Color	126.243	Madeira	Portuguese Escade M.G. Franc	245,355	Tanzasia	Station .	156.93
Cyprus	Caban Peso Cypres E	1.3368	Mahayay Republic	M.G. FREE	1956.75	Thelland	Babe	45.40
C7323	Ohus T		Malaysta Matche Islands Matche Islands Matche Islands Matche Islands Matche Mat	Kuntcha Ringgit Ruthyra C.F.A. Franc	24678	Togo Republic	Batt C.F.A. Franc Parage	503.25 2.5645
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				MARKET I	0.5810	Torkey	Litra	1.4345 1895.60
Denmark	Consts Kroner	11.4525	Martinias	Local Franc	10.0650	Torics & Calcus Islands	115 5	10/13
Dibouti Republic of	Diberti Franc E. Carribants	4.92	Marriania	Cogniya Macriting Rupes	132,00	Turzia	Aestraliae Dellar New Shilling (I)	2.5645
Dominicas Republic	Dominicas Peso	8,4770			72.25	United Arab Emirates United States United States	Mew Shaling (I)	113,0807 6,6020
	Overland Park		Medes	Mexica Pero	14096.01	Clarked Cross	Dirtam US Dollar	1.8215
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El Salador	Calon	9,1225	Montserral	E. Caribbean \$	4,92	Vaticae	Line	2192.25
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Fill Islands	Marida	2.6676 7.2820 10.0650	Netherlands	Guilder	3.3500	Virgin Islands (British)	Dong (a)	1.8215
France	Marita Franc	10.0650	Netherland Antilles	Antillian College	3.2787	Virgia Islands (US)	US 3 US \$	1.8215
French C'ty in Africa	C.F.A. Franc	503.25	New Zealand	N-Z, \$	27895			
Freach Galacta	Local Franc	10.0650	Niger Republic	Cordoba	400.3.90	Western Sarros	Tala	5.7000
Freezh Pacific Islands	C.F.P. Franc	182.00	Niger Republic	C.F.A. Franc	503.25			
			Nigeria	Naira	8.00	Yemes	Rial	17.60 0.6253
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12 Grieg's girl sporting a train (6) 14 Decline in standard of French green tea perhaps (10) 18 Shrank from becoming engaged (10) 22 First thing one does on holiday with a French group? (6) 23 Show forbearance (8) 17 Disagreement on story about king (8) 19 Whisper name of book about model (6) 20 What 27 does when partly dressed? (6) 21 Tantalising question for 5 (6)	St. Comprisin St.
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share.
Resisting the trend, Boots

Confirmation that the group

was proceeding with plans to boost production by nearly 20 per cent and also predicting a marked increase this year in US

ended 15 down at 238p. Motor

Components moved erratically with Lucas Industries falling

a quite a heavy toll on United

Newspapers, down 21 at 424p, but Associated held at 477p

says the shares are not chesp but still represent excellent

THE LONDON stock market stood up well to Friday's heavy fall on Wali Street, rallying from a substantial mark-down in early dealings to close with a loss of only 13 points on the FT-SE scale - a minor fall by recent standards. However, the market moved crratically, proving vulnerable to signs of uncertainty as New York opened for the new trading session. The big investment funds appeared to be holding back ahead of publication of the US

trade figures for November, due this Friday Equities were helped by a steadier trend in UK Government bonos, which attracted some European buying orders ahead of tomorrow's auction of Sibn of Treasury securities.

London's confidence was helped by a fairly calm performance by the US dollar as well as by the City's awareness that Mr Nigel Lawson, the UK Chan-cellor of the Exchequer, had spent the weekend mapping out his Budget strategy, which is widely expected to include cuts in personal taxation.

The sting of Wall Street's plunge of 140 Dow points ahead f the weekend was drawn by London's equity marketmakers who cut their prices for UK blue chips before the trading screens were switched on yes-terday morning. The FT-SE was down by an estimated 50 points at the official opening, although only 90m shares had

traded. When sellers failed to materialise, cheap buyers appeared, especially for the market leader's which had taken the brunt of the mark-down. Prices steadily moved up from their lows, receiving further encouragement when Wall Street opened sharply higher. However. London turned sour again. when Wail Street faltered and slipped away at the close without seeing much selling pres-

The FT-SE 100 Index ended 13.2 lower at 17c0.2. Turnover remained sluggish, with 442.5m shares traded by 5,00pm.

The equity market showed considerable resilience, commented Mr John Goldschmidt of Chase Manhattan Securities. But optimism on the near-term outlook for the UK economy is now counterweighted by con-cern for the implications for the dollar, and Wall Street, of any increase in US trade deficit.

Also restraining investment activity are the renewed pres-sures on City firms. Prudential-Bache yesterday withdrew from marketmaking in Euro-

Leading shares rally from initial setback while Martell offer is FFr 2,676 per

buyers return to bond sector market Floating Rate Notes and at least one major US mar-ketmaker shed trading staff yesterday. Later this week, redundencies are expected at newly merged County Securi-ties-Wood Mackenzie.

	_		Jan	lan.	.ba	Year	198	7/88	State Co	molistics
	11	8	7	6	3	Ago	High	Low	35 igh	2,00m
Government Secs	87.60	57.38	87.82	87.76	88.37	85.23	93.32 (8/5.87)	E3.73 (19/10/87)	127.A (9/2.05)	49.18 (3/1/75)
Fixed Interest	94.52	94.14	94.23	94.39	94,72	92.47	99.12	90.23 (2/1/87)	105.4	50.53
Ordisary T	1417,4	1424.5	1645	1438.0	1437.1	1389.4	1925-2	1232.0	1925.2	49.A (25/6/40))
Gold Miles	296.5	308.6	312.5	299.3	295.9	337.5	497.5 (4/8/87)	251.6 (6/11/67)	734,7 0.5/2/833	43.5
Ord. Div. Yield	4.40	437	434	4.32	433	4.13		S.E AC		
Earnings Yid. %(Yuli)	11.01	10.92	10.84	10.82	10.84	9.76	- 1	ndices	Jan. B	Jan. 7
P/E Ratio (net)(")	11.13	11.23	11.31	11.33	12.31	12.58	Gilt Edged Emelty Bare		2093	204.3
SEAQ Bargains (Spm)	27,733	30,068	27,542	29,026	27,878	42,778			2508.9	26193
Equity Turnover (Em)	-	1241.28	1295.90	1334,73	1022.55	1319.81	5-Day aren		203.9	92.4
Emity Bargains	-	32,299	31,525	31,399	28,000	53,668	Equity Barry		181.9	161.7
Shares Traded (mil)	•	496.1	534.1	554.A	414.8	593.0	Equity Valu		2159.8	1832.6
© [Goening] [10 a.m.] [11 a.m.] [12 p.m.] [1 p.m.] [2 p.m.] [3 p.m.] [4 p.m.]										
7 Opening 10 :		11 a.m 1399.7		106.5	1408	_ , ,	1410.4	1412		12.4

Basis 100 Govt. Secs 15/10/25, Fixed Int. 1928, Ordinary 1/7/35, Gold Moon 12/9/35, S E Accordy 1974, * 189-11.01

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

kets but the gap in business between BP and the other major performer in the sector British Gas -contracted sub-

stantially. Turnover in BP partly-paid dipped back to 17m shares, compared with last Friday's 24m and much higher levels of activity in recent weeks when stock after the recent stakethe 18.34 per cent shareholding built up by the Kuwait Investment Office was being amassed.

Dealers said any buying of BP
partly-paid by the KIO had been on a minor scale after last per cent plus stake in Ultra
Evidence of the levels of the been good buyers of the levels of buyers of the levels of the stake of the levels of buyers of the levels of the lev Friday's Treasury statement that the KIO had pledged not to seek control or a management LASMO, boosted by stories that role in BP.The partly-paid an offer from BTZ is imminent, closed a net 2½ off at 74½p. jumped 6 to 288p, while But there was plenty of support for BP "old" and "new" from institutions and major securities houses after the recent period of strength in crude oil prices. The "old" slipped to 248p early on, mirroring the overall trend in markets, causing some panicky selling in the "new" but rallied quickly after the poor opening and eventu-ally closed little changed on

ing for a new bid by BTR for the St Helens based glass firm. Also, Pilkington announced yes-terday that BOC is joining it in balance at 260p. Britoil held firm throughout the session, closing unaltered on balance at 446p after a turaover of 4m shares; Salomon Bros were on the bid all day and were thought to have pura health care venture to develop the medical laser operations of Pilkington Medical Systems. BOC closed a shade harder at 408p.

BP remained at the top of the list of active stocks in oil mar-

Britoil is expected to be pub-

remained at a relatively high of rallied swiftly to close a net 2 10m and the share price eased up at 245p. 24 to 1394. Citicorp Scrimgeour Vickers were said top have been good buyers of the mar, the latter fell 3 to 205p. Among other active oil stocks jumped 6 to 288p, while rumours that a sizeable line of

shares had changed hands outside the market as a prelude to a market raid saw Premier add 2 at 58%p. Freemans held at 311p but turnover shot up to 20m as bidder Sears announced it had increased its stake in Freemans to 28.9 per cent following addi-

tional purchases at 315p share. Earlier in the day Freemans reiterated its rejection of Sears' offer of 315p a share and revealed its profits forecast for the year to the end of January 1988 which it said would be 533.2m on sales of 5505m com-

BP's official offer document for either direction. Lloyds, with a near 5 per cent stake in Stan-dard Chartered, dropped

> ing allowed Building shares to pull away from the opening low levels. Blue Circle eventually finished 12 off at 423p, while losses in the region of 4 were seen in BPB Industries, 269p, and Tarmae, 240p, but RMC held up well and closed a shade dearer at 450p. Outside of the Building Materials sector, AMEC recovered from early weakness to close unchanged at 328p and Costain performed similarly, ending unaltered at 286p, after 274p. Taylor Woodrow attracted occasional speculative buying and rose 7 to

Marked sharply lower at the outset, ICI edged away from the day's lowest to close % down on the day at £11%. Laporte gave up 8 at 399p, after 390p, while Coalite ended 4 easier at 314p. Good interin figures failed to sustain Ellis and Everard which shed 4 to

well with sentimeor said to have been given a fillip by con-firmation of the 1.05 per cent rise in retail sales during

There were sizeable buying orders in the market for Marks orders in the market for Marks and Spenner where the shares rose 6 to 1849 on a turnover of 6.5m shares, and Storehouse, up 11 at 253p on a turnover of 3.7m shares. Woodworths were 9 up at 263p after the property disposals. Elsewhere Body Shop featured with a 40 leap to 780p after the 74 per cent profits jump and the proposed one-for-one scrip issue.

Racal were easily the best performer among the leading electronics issues, the shares racing up 16 to 246p on a turnover of 5.7m shares after "buy" and Warburg Securities; Racal's a TV recommendation and orders in the market for Marks and Spencer where the shares rose 6 to 1849 on a turnover of 6.5m shares, and Storehouse, up 11 at 253p on a turnover of 3.7m shares. Woolworths were 9 up at 263p after the property disposals. Elsewhere Body Shop featured with a 40 leap to 780p after the 74 per cent profits jump and the proposed one-

over of 5.7m shares after "buy" recommendations from BZW and Warburg Securities; Bacai's sional buying interest following and Warburg Securities; Bacai's a TV recommendation and closed 9 to the good at 114p. for January 26. STC were 5 down at 245p, after 240p, despite a major buy signal from the stock as one of its investment favourites for 1988.

Despite the general malaise, the Engineering sector recorded a number of bright spots. Carburgh and the stock of financial newspapers.

Despite the general malaise, the Engineering sector recorded a number of bright spots. Car-clo, reflecting satisfaction with the interim figures, advanced 7 to 169p. Laird Group, as old speculative favourite, advanced 8 to 243p while week-end Press mention enlivened further mention enlivened further sales was a prop for Jaguar, interest in Camford which put on 6 to 178p. Newspaper comment also drew attention to railied to end a mere 3 easier on ment also drew attention to Simon, 11 better at 268p.

simon, 11 better at 268p.
Food shares held up well, particularly Retailers, which showed occasional gains on the day. ASDA-MFI, with results due soon, edged up 2 to 169p.
Grand Metropolitan were apparently unaffected yesterday by reports that Seagram of conded it deven at 319p. Other vehicles makers were less fortunate and March dipped 12 to 109p while Rover, still reflecting the possible loss of the Jaguar carbonic contract, shed 5 further to 69p. Profit taking halted the recent advance in EEF which day by reports that Seagram of Canada had launched a full offer for Martell, the French cognac producer and the price 11 to 569p but Lex Service settled a few pence lower on extending Friday's recovery to the day at 440p. However the close with a fresh gain of 9 at Grand Met sbare price has 301p.

Transatiantic infinences took failed to perform since it made its own outright bid for Martell at the end of December. Grand Met shares were then changing hands at 460p. Seagram has reportedly bid FFr 2,876 per hands at 460p. Seagram has ad, benefiting from a Kleinwort reportedly bid FFr 2,875 per Grieveson recommendation. Mr share for Martell; Grand Met's Luke Johnson, sector analyst,

long-term value, pointing to the high asset value and a prospec-tive p/e ratio this year of around 13.3x.

Advertising Agencies and Advertising Agencies and related issues went lower across the board. Saatchi & Saatchi & Saatchi feli 11 to 423p and WPP 10 to 455pwhile Aspen Communications were lowered 10 to 378p. WCES, which is expanding operations in the Pacific Basin via the acquisition of a Hong Kong-based agency, shed 8 to 231p. Resisting the trend. Boots stood out with a gain of 7 st 255p as rumours of a possible hid from Beecham resurfaced. Boots were one of the more actively traded stocks with some 3.9m shares traded. Partly reflecting the general fall in the overseas earners. Beecham dipped to around 462p before closing a few above the worst at 464p for a loss of 7% on the day.

Properties suffered along with other equity sectors at the courset, but the majority rallied in the absence of selling pressure. Land Securities finished 9 off at 469p and MRPC settled 6 chesper at 452p.

Secondary issues displayed a bright feature in Estate Property Investments which gained 30 to 230p following the company's amouncement that it had received various bid approaches from as yet approach sources. med sources.

A sharply increased divideod payment and higher profits together with the forecast of further progress this year, put Textile manufacturer Robert E. Lowe up 6 to 175p. in conand West Trust dropped 8 to

Currency influences joited Oversess Traders and Inchcape retreated 24 to 629 while Toner

Overseas traders and Inchespe retreated 24 to 629 while Tomer Meanley backtracked 5 to 77p and Sime Darby 6 to 56p.

Traded option activity was remarkably buoyant given the volatile market conditions. Contracts totalled 37,035 made up of 25,113 calls and 11,022 puts. British Gas registered 5,115 calls and 1,316 puts. The FTSB colls and 1,316 puts. The FTSB contracts attracted 1,202 calls contract attracted 1,203 calls and 1,785 purs.

Traditional Options

First dealings Jan 4 Last dealings Jan 15 Last declarations Apr 7 **Por** Settlement Apr 18 For rate indications see end of London Share Service

Dealers reported a reasonably lively day in the Traditional option market. Stocks dealt in for the call included British Petroleum partly-paid (Reg), Systems Designers, Bennett and Fountain, Next, BOM Holdings, Camford, Amstrad, Balz Resources, Christics International, Benjamin Priest, Racal, Case Group, Dares Estates, Astra Holdings and VSEL Consortium. Puts were arranged in British Tele-com and Camford, but no don-ble options were reported.

NEW HIGHS AND LOWS FOR 1987/88

BREWERS (1) Macaten-Gleravet, BUR.D-MGE (1) Gabs & Dandy, MOTELS (1) Saway WENCHING (4) CYNYDYNE (5) BYNEC (1)

LONDON TRADED OPTIONS

13

17

46 12 37 23 - 45

(1) STORES (2) ERCTRICALS (2) POODS (1) REUSTRUALS (3) LESURE (3) PAPERS (2) PROPERTY (3) TEXTRES (1) TRUETS (4) COLL (2) HINES (1) THERD MANGET (3).

TRABING YOLUME IN MAJOR STOCKS

2,800 2,800 2,800 1,500 2,800 1,500 2,000 2,000 451,000 1,00 RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES

EQUI	TES	(. j.		·							
Seem Price	24	Latest Parame date	39 80ga	768	Stock	Classing Price	+ 65	Bet Dis.	Tare		
\$772 \$300 \$100 \$50 \$100 \$100 \$100 \$100 \$770	の場合はないのでは、	2271 15/1 23/12	752 44.256 24.256 24.256 256 256 256 256 256 256 256 256 256	70 70 2 201 20 47 100 47 100 47 100 100 100 100 100 100 100 100 100 10	British Petroleum EPH Despor Tot, Wreste, EPH Brasen Tot, Wreste, EPH Brasen Tot, Wreste, EPH Brasen Tot, Wreste, EPH Brasen Tot, EPH Brasen County, EPH Brase	たい ない はい	なみ さ 寄っち かか からかか	N125 11.55 F2.2 11.0 R2.5 N1.0 R3.45		11911	
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FT - ACTUARIES INDICES

However, with securities analysts still confident that the UK

market will move higher in the

early part of this year, there were buyers for the blue chip

dollar earners after the initial mark down in prices. Traders

pinpointed buyers for ICI, Glaxo and BAT industries. Elsewhere, prices were lower but content to follow the mar-

ket trend. A scattering of speculative situations found ready response – the spotlight fell on Standard Chartered as inves-tors looked for a new develop-

ment in the company saga.

The underlying worries over the next trend in UK base rates

don, economic analyst at Shear

weekly commentary, "How long can the interest rate rise be postponed?" - failed to stop a technical rally in Gilts.

The lead came from the medi-

um-dated sector, where Conti-nental buying restored % of the loss suffered since the announcement that £1bn ten

year stocks would be auctioned

this week. The auction stock.

Treasury 8% per cent 1997, gained 14/32 in the "when-issued" market. Long-dated issues also added about %.

Standard Chartered spurted

33 to 548p in a turnover of 1.3m shares with the shares well bid on the inter-dealer

Buying interest was prompted by numerous stories, including talk that the sale of

Union Bank of California is

imminent, that Robert Holmes a

Court's Bell Group had been

approached with a view to sell-

ing its near 15 per cent stake and that Sir Yue-Kong Pao was seeking a buyer for his near 15

Pilkingtoo again attracted considerable speculative activ-ity with the share price

rebounding from an initial reac-tion to the 225p area and clos-

ing with a net gain of 6p at 239p. Around 5.7m shares

There were rumours that a

"dawn raid" is planned for this

morning by an arbitrageur hop-

broking screens.

changed hands.

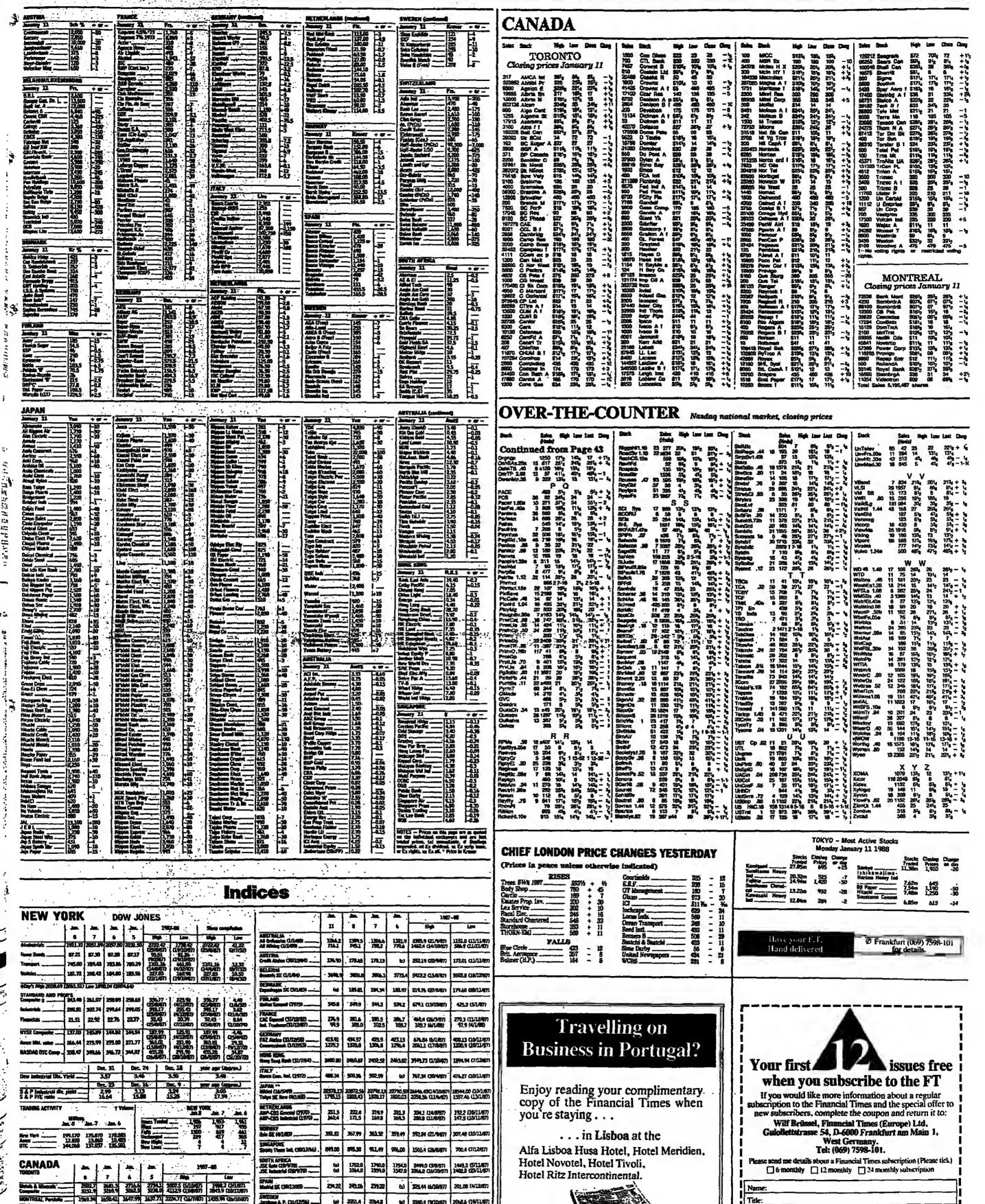
highlighted by Mr Tim Cong-

These Indices are the joint compilation of the Financial Times the Institute of Actuaries and the Faculty of Actuaries

Fig	& SUB-SECTIONS gures in parentheses show number of						1	Fri Jan 8	The Dec	Wed Des	(approx)
	stocks per section	index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yleid% (Act at (27%)	Est. P/E Ratio (Net)	nd adl. 1998 to date	Index No.	index No.	lodes No.	ludes No.
11	CAPITAL 600DS (208)	741.77	-0.9	9.67	3.89	12.97	0.15	748.74	749.24	747.78	733.76
2	Building Materials (30)	979.11	-11	18.87	3.84	12.35	0.43	998.03	988.49	988.61	912.00
31	Contracting, Construction (33)	1412.72	-1.0	9.37	3.54	14.17	0.38	1426.94	1417,71	1423.59	1268.14
4	Electricals (12)	204L78	-0.2	9.14	4.74	1416	0.00	2046.70	2068.38	2072.24	1982.97
5	Electronics (32)	1556.74	-0.2	10.25	3.34	12.74	9.80	1559.18	1554.96	1545.75	161913
6	Mechanical Engineering (57)	383.71	-1.7	9.70	4.29	12.99	0.14	398.16	351.55	382.84	422.96
8	Metals and Metal Forming (7)	464.08	-0.4	9.11	3.61	13.25	0.00	456.11	463.33	461.23	384.85
9	Motors (13)	272.16	-1.1	11.05	4.27	10.53	0.00	275.22	273,00	273.18	291.47
10	Other (ndustrial Materials (24)	1240.22	-1.1	8.41	4.18	14.15	0.13	1254.53	1275.32	1287.97	1256.17
21	CONSUMER GROUP (185)	1023.09	-0.8	8.59	3.55	14.82	0.28	1030.22	1037.77	IMLAS	999.63
22	Brewers and Distillers (21)	972.22	-0.8	11.40	4.05	11.15	0.02	760.00	995.81	1611.22	970.8
25	Food Manufacturing (23)	832.32	-18	9.25	3.87	13.87	1.06	840.65		843.15	762.53
26 [Food Retailing (16)	2050.59	-0.7	7.79	2.96	17.93	0.00	2065.00	2084.09		1774.51
27	Health and Household Products (10)_		-1.8	6.84	2.62	17.45		1748.41	1766,93		1754.22
29	Leisure (31)	1164.46		7.39	3.92	16.87	0.80	1164.78		1163.12	3925.44
31	Packaging & Paper (16)	506.26	-2.0	6.38	3.62	15.72	8.24	51651		523.90	527.A
32	Publishing & Printing (16)	3454.53	-20	6.32	4.27	20.01	3.39	3525.85		34%.35	
34 [Stores (351.,	844.37	+1.0	8.93	3.60	15.03	29.0	832.96	\$21,35	\$26.37	875.62
35	Textiles (17)	582.50	-2.4	11.26	4.81	10.25	0.00	597.67	610.78	611.38	574.14
40	OTHER SROUPS (92)	854.80	-1.3	10.76	4.31	11.56	0.03	\$65.90	867.58	873.74	864.00
41	Agencies (19)	1073.61	-3.0	6.77	2.22	18.93	0.87	1106.69		IIIA 91	
42	Chemicals (20)	1095.39	-20	9.32	4.27	13.17	0.14			1121.06	
43	Conglomerates (13)	1139.72	-1.3	10.43	4.58	11.01	0.00	1155.10			1376.80
45	Shipping and Transport (11)	1753.70	-1.0	9.67	4.67	13.55	0.00	1770.85			1645.33
47	Telephone Networks (2)	893.37	+0.2	12.05	4.74	11.05	0.00	871.77	\$97.18	894.52	874.63
48	Miscellaneous (271	1129.44	-20	13.36	4.18	8.92	0.00	1153.07	1174.75	1204.55	1288.3
49	INDUSTRIAL GROUP (485)	915.25	-0.9	9.46	3.84	13.32	9.17	923.96	928.10	930.47	907.80
51	0 1 & Gas (15)	1740.03	-1.5	9.55	5.65	12.91	0.00	1766.71	1792.34	1754.54	1565.83
59	500 SHARE INGEX (500)	985.16	-1.0	9.48	4.12	13.25	0.16	995.49	1061.37	1006.32	962.78
61	FINANCIAL GROUP (124)	653.96	-0.5	-	4.79	-	077	654.99	656.53	65L34	637.E
62	Banks (8)	668.63		20.04	5.94	6.39	0.00	444.50		668.05	
65 (Insurance (Life) (8)	986.83	+0.1	-	4.67	-	9.00	905.34			906.72
66	(Insurance (Composite) (7)		+0.6	-	5.39	-	0.00	504.11	584.52	516.35	481.50
67	(Insurance (Brokers) (B)	914.78		12.13	6.28	10.55		931.40	929,18	924.68	
68	Merchant Banks (11)	350.96	+0.2	-	4.06	-	0.00	354.31	355.34	355.25	
69 70	Property (52)	994.82	-1.6	5.26	3.05	24.26	0.18		971.76	992.80	272
	Other Financial (30)	394.11	-15	9.22	4.11	13.71	9.64	400.29	401.35	_	
72	Investment Trusts (66)	\$20.41		7.0	3.10	-	0.32	\$27.84		\$27.80	297.57
81	Mining Finance (2) Overseas Traders (S)	450.05	-1.3	10.10	3.79	11.15	0.00	65.75	453.87	455.75	364.04
91	Overseas Tracers (SI		-24	9.89	5.22	11.94	0.00	99436			
99	ALL-SHARE INDEX (720)	295.23	-1.8	-	4.19	-	0.25	904.43	903.49	998.21	875.74
		Index No.	Day's Change	Day's High	Day's Low	Jan 8	Dec.	Dec.	Dec 5	Dec	Year
\dashv	FT-SE 100 SHARE INGEX +										
	FIXED INTER	EST		T	AVER	ACE QR	YELDS		Mosa Jan 11	Fei Jaco 8	Year ago Capprox

	FIX	(ED I	NTE	REST				Average gross Redemption yields	Mon Jan 11	Fri Jan 8	(shb.car) sido Assa.
	PRICE INDICES	Mos Jan 11	Day's change %	Fri Jan 8	xd adj. today	nd adl. 1988 to date		British Government Low 5 years Coupses 15 years	9.m 9.66	9.85	9.83
4	Shitish Government 5 years 5-15 years Over 15 years Irredeemables All stocks		+0.30 +0.42 +0.57	122.43 136.58 144.09 158.56 134.10	-	6.23 6.08 6.00 6.00 6.12	56789	Idedom Syears. Coupon 15 years. Z years. High Syears. Coupons 15 years. Lyears. Lyears. Lyears. Lyears. Lyears. Lyears. Lyears.	9.46 9.79 9.85 9.68 9.79 10.00 9.78	9.50 9.76 9.91 9.74 9.85 10.05 9.76	19.47 19.11 7.91 10.58 19.27
6	byears 5 years Over 5 years All stocks	123.67	+0.18	123,45 112,42	0.15	0.08 0.15	12	trains-Liston (affaction rate 5% (affaction rate 5% (affaction rate 10% (affaction rat	1 115	3.6% 4.17 3.5% 4.2%	
9	Detectors & Lors	115.77 85.32		115.77			16	Debs & 5 pears. Lucus 15 years. 25 pears.	11.07 11.03 11.03	11.05 11.02 11.02	10.99

WORLD STOCK MARKETS



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FINANCIAL TIMES

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BURNERS LINE SECTION OF THE SECTION

Financial Times Tuesday January 12 1988 00

43

NYSE COMPOSITE CLOSING PRICES	AMEX COMPOSITE CLOSING PRICES
	## Description of the property
FINANCIAL TIMES Chical	The color of the c

Haig Simonian in Frankfurt examines the few bright spots in a catalogue of gloom

Dow regains German chemicals and retailers hold out promise AFTER A rough ride in 1987, when West German shares badly underperformed most composure with badly underperformed most European counterparts even before the crash, the market looks set for an even tougher 12 months ahead. Yesterday's sharp fall in share prices, which saw the mld-session Commerzbank index tumble 49.3 to 1,275.7, gave an early confirmation to the trend. While the declining delice cautious rally

Wall Street

FEARS of another Black Mon-dey after Friday's programme-trading dominated 140 point drop in the Dow Jones Industrial Average. yesterday appeared unfounded, writes Janet Bush in New York.

In relatively heavy two-way trading, the Dow spent the morning twisting and turning in both directions and ended up little changed from Friday's sharply lower levels. However, a cautious rally in low volume took the Index higher in the afternoon session and it eventually closed 33.83 points higher at 1,945.13.

The US equity market had the benefit yesterday of having seen the reaction of overseas markets to the sudden and dra-matic sell-off late on Friday. That reaction was negative but losses in Tokyo, London and on European bourses was moderate given the agonising which had taken place all weekend since Wall Street's very poor

performance.

The relatively calm reaction abroad helped stocks in New York and there was healthy two-way trading from the out-set. Just under 160m shares changed hands, the lowest vol-ume since the week between Christmas and New Year, suggesting some caution.

The weekend gave time for analysts to try and justify the sudden drop in prices on Friday. One important component was the relative paucity of active dealers, many of whom had gone home early because of heavy snow storms along the East Coast. This meant that there was no counterbalancing force to the unwinding of substantial arbitrage positions through programmed trades which accounted for 100 points of Friday's 140 point fall, according to several estimates.

Also important was a very weak bond market which was reacting to fears of higher Inflation after strong US unem-ployment statistics on Friday, and fears prior to the release of the latest US trade statistics this Friday. Rumours of a \$20bn deficit had contributed to falls in both equity and bond markets at the end of last

The US bond market yesterday cautiously pulled back some of Friday's losses. The Treasury's 30-year benchmark Issue lagged other long-dated issues which ended around 11/ 16 point higher. The 8.876 per cent issue closed around ½ point higher and continued to

yield above 9 per cent.

The bond market is in a highly nervous state. The dollar remains vulnerable, a fact reflected in another round of concerted, light intervention by central banks in Tokyo and Europe yesterday.

Reports were mixed about the influence of arbitrage-related programme trading in the equity market yesterday. It certainly seems to be the case that the bulk of the programme sell orders in the pipeline were exe-cuted on Friday.

Yesterday morning, pro-gramme trading seemed to be two-way and according to some traders continued to dominate a market which is seeing little large-scale institutional and final retail investor interest. The relationship between the cash and futures markets yes-terdsy was highly volatile with the March Standard & Poors futures contract swinging between a 21/2 point premium to the cash market and a one point

discount in the course of the morning. These movements seemed to dictate the general direction of the market. The major news item yester-day was the announcement that Sterling Drug, the diversified US drug company, was to sue Hoffman-La Roche which is bidding to take it over. Sterling said it had filed a complaint in a US district court against a US district court against
Hoffman, alleging disclosure,
insider trading and other violations in connection with its tender offer. Sterling's share price
had risen \$\frac{1}{2}\text{ by midsession but}
closed \$\frac{1}{2}\text{ lower at \$73 \frac{1}{2}\text{ lower at \$76 \t

has erupted over the pending offer is Hoffman's choice of

offer is Hoffman's choice of Morgan Guaranty, a commercial bank, rather than First Boston, a securities house, to advise it on the bid. First Boston yesterday edged \$\% higher to \$25\%. Computervision, which yesterday said it had begun preliminary discussions with third parties about a possible alternative to the \$13.50 a share tender offer by Prime Cominary discussions with third orderly selling taking prices parties about a possible alternative to the \$13.50 a share tender offer by Prime Computer, added \$\%\$ to \$14\%\$. Prime Computer was down \$\%\$ at \$15\%\$.

Meanwhile Computer Sci

Meanwhile, Computer Sciences Corp said it had agreed to narket Quotron Systems' Quotdial financial information service to individual investors and Late short-covering lifted brokerages outside the US. many prices from their lows. Computer Sciences stood \$\%\$ Car stocks fared among the higher at \$47\% while Citicorp, which owns Quotron, added \$\%\$ DM35.50 to DM402.50, an 8 per

around \$26m, Pfizer recouped a \$4 midsession loss to close \$4

higher at \$50%. Among blue chip stocks, International Business Machines closed \$2% higher at \$117%, General Electric was \$% up at \$44% and Proctor & Gam-ble had added \$% to \$83.

Canada

TORONTO share prices closed mixed after the market traded erratically following gyrations on Wall Street, rallying and then tumbling in volatile early

Tading.

The composite index, which had dropped about 20 points earlier, rose 19.20 to 3171.10 at the close. Declines led advances by 592 to 306 on light volume of 21.5m shares.

"As the day proceeded, the market more or less held its own," said Mr John Ing of Mai-son Placements Canada. "Everyone is taking their cue

from New York." Many investors were nervous in advance of the release of US November trade data later this week, Mr Ing said.

THE STEADY bullion price failed to shore np Johannes-burg gold shares against a wave of selling inspired by Friday's falls on Wall Street.

Falls among golds were com-pounded by the financial rand's strength, though selling was said to be steady. The sector index lost a provisional 63 to

1,689. Of the heavyweights, Vaal Reefs lost R9 to R338 and Kloof

R3.50 to R39.50. Grootylei was 60 cents down at R7.50 and Kinross R2.50 at R45.

Diamond De Beers followed a generally weaker trend among mining issues with a R2.50 decline to R30.26. Platinums Impala and Rustenberg were both 25 cents off at R29.50 and R29.75 in turn.

Industrials also softened, led by a 75 cent fall for sector leader Barlow Rand to B21.

even that figure is optimistic.

More important, it is now clear that the Government clear that the Government has got its budgetary arithmetic badly wrong. The DM29.5bn budget deficit ceiling, once deemed immovable, has suddenly jumped to DM40bn following the fall in the Bundesbank's profits and the rise in Bonn's European Community budget contributions. while the declining dollar has clouded the outlook for many German exporters and cast a shadow over this year's earnings prospects, domestic economic growth looks weak at heat.

Hence an embarrassed Mr Stoltenberg, who has been trumpeting his tax cuts and major tax reform package due in 1990 as an adequate response to foreign criticism that Bonn should be doing more to stimulate growth, had to admit last week that consumer taxes would have

German equities' performance has been increasingly linked to the fortunes of the dollar, but the Government's

London

ARMAGEDDON falled to hit

London yesterday when the stock market showed signif-

icant resilience in the face of Friday's savage fall on Wall Street, writes Terry Byland in London.

Confidence was boosted both by the dollar's steadi-ness in European centres, and by continued optimism over the outlook for the

Dealers, apprehensive after a weekend of bearish comment on the implica-tions of the Wall Street

ahakeout, marked blue chips down heavily before

the market opened for busi-ness. But few sellers appeared and prices stead-

The FT-SE 100 Index ended with a net loss of 18.2 at 1,760.2.

FT-A World Indices Dec 31/86=100 120 Europe 110 110 100 90 L J J 1 80 70 W. Germany

present financial mess has hardly inspired confidence in domestic economic manage-

80

Share prices have fallen heavily, especially since Octo-ber, and some companies are

looking very chesp indeed now, but the main question for international investors is whether German shares still whether German shares still have some way to drop. Are there any bright spots amid the gloom? Undervalued asset-rich financial groups like Allianz, Europe's largest insurer, and the Munich Re, the world's largest reinsurer, look attractive at present levels. Both have huge assets whose value, understated at

reflected in their current share prices.

The three big chemicals groups, BASF, Bayer and Hoechst, also look promising. All three have internationalised heavily in recent years, notably Hoechst, which bought Celsnese of the US in early 1987, insulating them somewhat from exchange rate volatility.

volatility.
With good capacity utilisa-

whose value, understated at the best of times, is barely reflected in their current

tion and a favourable sales outlook, chemicals companies should report good earnings this year. And all, unlike Ger-many's hard-pressed steels and engineering ground. are

many's hard-pressed steel and engineering groups, are still hiring.
This year could also bring a birthday treat for their share-holders. Hoechst is celebrating its 125th anniversary at the end of this month, while Bayer's pharmaceuticals division is toasting its centenary in March.

A higher dividend to mark the occasion is not impossible, say analysis, though one old

say analysis, though one old hand recalls that Hoechat only gave its staff gold coins and a salary boxes on its centenary. However, good earn-tenary. However, good earn-ings prospects in the chemi-cals sector mean higher dividends should not be ruled out on profitability grounds. Retailing, one of the more retilient sectors in 1987 may. resilient sectors in 1987, may

also remain strong. Consumption has been rising steadily, and spending should receive a further boost from the planned personal tax cuts. But talk of a rise in value; added tax, which the Government has negatively denied ment has persistently denied, may gain ground in view of Bonn's budgetary problems. Meanwhile utilities remain a good defensive bet owing to a good defensive bet owing to their stable earnings. Vebs, Germany's leading energy and chemicals conglomerate, is widely seen as a best buy. Declining investment in account of relatively stable electricity demand should eventually feed through into the utilities' cash flow and profits given their degressive depreciation policies, say analysis. But the benefits, rather like the outlook for German shares as a whole, will be a long time coming.

EUROPE

Frankfurt drops Recent favourites lead limited falls back steeply in orderly sell-off

EUROPE's bourses responded pessimistically to Friday's fall on Wall Street with heavy but

looks weak at best. Even Mr Gerhard Stolten-

Even Mr Gerhard Stolten-berg, the embattled federal finance minister, had to admit last month that he had revised down his growth fore-cast for 1988 to 1.5-2 per cent from 2.25-2.6 per cent previ-ously. Many analysts think

Ametek lost \$% to \$14%. It oput 6,100 workers on short announced yesterday it had bought the speciality metal products business of Pfizer for Daimler DM21.60 to DM576.50. Chemicals softened in turn, with Bayer DM10.50 down at

DM257 and BASF off DM7.50 at DM243.50. Electricals Nixdorf and Siemens were off DM22 and DM13 in turn at DM578 and DM350, while AEG gave up

DM8 to DM181.

News that insurer Allianz will mous buyer. Groupe Bruxelles to Derrother in Italy could BFr2,350. Petrofina fell BFr560 not prevent it falling DM64 fall to close at BFr8,840.

to DMI, 140.

ZURICH suffered heavy falls across the market, with blue chips on average loaing between 4 and 8 per cent.

Among the bigger industrial losers, Alusuisse shed SFr40 to SFr470, or 7 per cent, while Georg Fischer ended SFr66 down at SFr680, an 8 per cent tumble. Brown Boveri was off SFr100 at SFr1,610 and Oerilkon-Buehrle SFr70, or 7 per cent, at SFr866.

In food and confectionery.

SFr100 at SFr1,610 and Oerilkon-Buehrle SFr70, or 7 per cent, at SFr865.

In food and confectionery, Nestle dropped SFr425 to SFr8,000 and Jacobs Snchard SFr376 to SFr8,200.

Chemical Ciba-Gelgy shed SFr180 to SFr2,500, while Hoffmann-La Roche "baby" shares gave up SFr600 to SFr9,300.

Banks were led lower by Swiss Bank's SFr20 fall to SFr337. Union Bank was SFr140 down at SFr3,060 and Credit Suisse SFr145 cheaper at SFr2,380. Insurers were also sharply lower.

BEUSSELS weakened in almost all sectors during a quiet session unnerved by losses in New York. The cash market index ended 136.86 down at SFr306.

Reserve, the share of Societe Generale de Belgique, ended BFr60 off at BFr2,750 in heavy trade of 86,000 shares amid continued speculation that the

THE STEEP slide in Friday trade on Wall Street dragged down high-technology issues and other recent favourites in Tokyo yesterday, urites Shigeo Nishiwaki of Fifi Press.

The Nikkei average slipped 294.13 from Friday to 22,578.43, its first fall in five trading days. Volume of 396m

Tokyo

22,578.43, its first fall in five trading days. Volume of 396m shares was down sharply from Friday's 926m. Declines led advances by 622 to 257, with 138 issues unchanged.

Big securities houses remain generally optimistic for the market, considering Wall Street's plunge to have been triggered by concern that the US Administration may tighten controls on stock investments. They thus conclude that Tokyo will not be affected greatly by movements on Wall Street.

movements on Wall Street.
Speculative issues dominated yesterday's trading. Warehouse group Kamigumi traded most heavily with 27.85m shares and closed Y25 up at Y596 on expectations of a sharp rise in the heaviling of important grants. the handling of imported goods. By contrast, recent favourities alumped broadly. Sumitomo. Heavy Industries, second busi-est with 20.32m shares, shed Y7 to Y525 on profit-taking. It had topped the actives since the first trading day of the year

on strong demand for superconductivity-related issues.
Fujitsu slipped Y50 to Y1,420 after being in the spotlight last week on the development of a simulation for a strong terms.

simulator for nenrocomputers. Sumitomo Chemical fell Y23 to Y932 after enjoying recent gains from rumours that it had developed a new drug for the treatment of AIDS. High-techs weakened widely on small-lot selling. Hitschi retreated Y50 to Y1,250, NEC

Y80 to Y2,070 and Matsushita Electric Industrial Y60 to Y2,240. Turnover in NEC dwin-dled to 3.15m stocks from Friday's 9.23m. NTT closed Y30,000 down at Y2.23m. Large-capital stocks eased

after narrow movements, with Kawasaki Heavy Industries weakening Y2 to Y184 and Nip-pon Steel Y8 to Y378.

on the Tokyo Stock Exchange, It later climbed further to 4.595 er cent in inter-dealer trading.
On the Osaka Securities

Exchange the stock average lost 211.68 to 22,943.53 in the first drop in five sessions, despite selective buying. Turnover fell 33m shares from Friday to

ASIA

Omron Tateisi Electronics fell Y90 to Y2,010 and Moritz Fire Pump Y70 to Y1,020, whereas Fujitsu General soured a maximum Y101 to Y1,090.

Australia

INDUSTRIALS and mining stocks led early falls in Sydney but prices picked up from their lows, encouraged by the limited falls in Tokyo. The All Ordi-naries index ended 43.9, or 3.4 per cent, down at 1,265.5. Turnover was still fairly thin,

centring on liquid stocks.
Industrials saw Brambles pon Steel Y8 to Y378.

Bonds moved narrowly, with dealers and institutions awaiting Friday's US trade figures for November. Turnover shrank to less than one fifth of ordinary levels.

The yield on the 5.0 per cent government bond maturing in December 1997 rose from Friday's 4.565 per cent finish to 4.580 per cent in block trading on the Tokyo Stock Exchange.

rainly than feared to wall street's setback. The Hang Sens index closed 69.87 lower at 2,400.80 in turnover worth HK\$1.1bn, similar to Friday.

Properties showed the largest losses with Sun Hung Kai down 40 cents at HK\$8.80 and Hong kong Land and Cheung Kong losing 20 cents each to HK\$7.37 and HK\$6.85, respectively.

Singapore

THE SELL-OFF on Wall Street hit Singapore hard, with share prices losing more than 5 per cent on the day as small inves-tors took profits in cautious

The Straits Times industrial index shed 46.26 to 849.05 with stocks suffering across the board in volume of 36m shares Many institutions stayed on the sidelines to see whether New York would extend Friday's

Heaviest losses were made by Metro, down 60 cents at \$55.55, and banks DBS and OCBC, which each lost 60 cents to \$49.20 and \$66.50, respectively Mast active stock was tively. Most active stock wat A SHARP early fall was cents at \$\$2.31 on 2.3m share trimmed in Hong Kong as the traded.

This announcement appears as a matter of record only.

£50,000,000

McDonald's Corporation

93/4 per cent. Notes due 1992

Issue Price: 101½ per cent.

Barclays de Zocte Wedd Limited

Merrill Lynch Capital Markets

Bankers Trust International Limited

Banque Bruxelles Lambert S.A.

BankAmerica Capital Markets

Bayerische Vereinsbank Aktiengesellschaft

Chase Investment Bank

Daiwa Europe Limited

Citicorp Investment Bank Limited

Dresdner Bank Aktiengesellschaft

Crédit Lyonnais

Girozentrale und Bank der österreichischen Sparkassen

Morgan Guaranty Ltd.

The Nikko Securities Co., (Europe) Ltd.

PaineWebber International

Salomon Brothers International Limited

Union Bank of Switzerland (Securities) Limited

S.G. Warburg Securities

Société Générale

2nd December, 1987

FT – ACTUARIES WORLD INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

MATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	MONDAY JANUARY 11 1988					FRIDAY JANUARY 8 1968			DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	98.25	-2.5	79.97	92.04	4.90	100.80	82.66	95.01	180.81	85.36	105.67
Austria (16)	94.54	+0.0	76.95	80.42	2.61	94.54	77.53	81.26	102.87	85.53	98.95
Belgium (48)	. 101.54	-3.2	82.65	86.02	5.51 2.98	104.87	85.99	89.48	134,89	94.63	97.56
Canada (127)	111.78	-32 -25 +0.1	90.99	104.38	2.98	114.63	94.00	106.70	141.78 124.83	98.15	107.03
Denmark (38)	. 114.38	+0.1	93.10	97.81	3.03	114.24	93.68	98.58	124.83	98.18	109.98
Finland (23)	111.00	+0.5	90.35	93.21	1.59	110.45	90.57	93.74			
France (124) West Germany (94)	83.17	-2.0	67.69	72.08	411	84.83	69.56	74.15	12L82	77.39	105.04 95.90
West Germany (94)	73.14	-2.7 -2.6 -0.9	59.53 74.72	62.24	2.99	75.16	61.64	64.50	104.93	68.91	95.90
Hong Kong (46)	91.80	-26	74.72	91.69	5.73	94.30	77.33	94.13	158.68	73.92	102.75
Ireland (14)	109.21	-0.9	88.89	94.96	4,78	110.23	90.39	96.59	160.22	93.50	108.36
Italy (94)	75.57	- L 7	61.51	67,92	2.82	76.86	63.03	69.63	112 11	72.04	99.59
Japan (457)	139.28	-0.8	113,36	112.82	0.62	140.38	115.11	114.51	161.28	100,00	101.83
Malavsia (36)	314.61	-3.7	93.29	111.57	3,34	119.06	97.63	116.01	193.64	93.76	106.52 118.35
Mexico (14)	96.30	+0.7	78.38	236.37	1.50	95.61	78.40	234.68	422.59	95.61	118.35
Netherland (37)	98.04	-33	79.80	82,29	5.47	101.43	83.17	85.90	131.41	87.70	100,60
Malaysia (36) Mexico (14) Netherland (37) New Zopland (24)	J 76.91	+0.8	62.60	62.55 92.30	5.25 2.96	76.28	62.55	62.79	138.99	73.39	99.62
Manager (24)	/ 1117.64	-5.6 -5.0	87.61 80.77	92.30	2,96	114.02	93.50	98.16	185.01	95.52	102.46
Singapore (26)	_1 99.23	5.0	80.77	92.41	2.62	104.47	85.67	98.09	174.28	83.21	108.60
Singapore (26) South Africa (61)	132.64 131.65	-3.5 -2.7	107.96	90.62	4.71	137.52	112.77	93.95	198.09	100.00	111.01
Spain (43)		-2.7	107.15	111.35	3.63	135.31	110.95	115.37	168.81	100.00	111.47
Sweden (34)	98.49	_1.8	80.17	86.50	2.65 2.53	100.30	82.24	88.53 69.58	136.64	88.50	94.33 101.23
Sweden (34)	79.23	-4.7	64.49	65.70	2.53	83.16	68.19	69.58	131.11	73.65	101.23
United Kingdom (333)	132.04	-0.2 +1.4	107.47	307.47	4.34 3.67	132.26	108.46	308.46	162.87	99.65	105.86 107:74
USA (589)	100.85	+1.4	82.08	100.85		99.48	81.57	99.48	137.42	91.23	
Europe (973)	102.50	-14	83.A3	85.87	3.95	103.99	85.27	87.81	130.02	92.25	102.31
Pacific Basis (682)	135.83	-0.9	110.55	111.06	0.85 1.90	137.03	112.37	112.81	158.77 143.65	100.00	102.01
Euro - Pacific (1655)	122.54	+11	99.74	100.97	1.90	123.86	101.57	102.80	143.65	100.00	102.13
Morth America (716)	101.43	+11	82.56	101.07	3.63 3.57	100.28	82.23	99.91	137.55	91.68	107.70
Furone Ex. UK (642)	_ 84.20	-26	68.54	72.26	3.57	86.45	70.90	74.80	111.97	78.89	96.68
Pacific Ex. Japan (225)	.1 94.23	-2.5	76.70	89.15	5.04	96.63	79.24	91.82	164.03	82.92	103.90
World Ex. US (1857)	J 122.27	-1.1	99,52	101.09	1.96	123.67	101.41	102.95	143.38	100.00	102.42
World Ex. UK (2115)	112.20	-0.3	91.32	100.30	233 252	112.55	92.29	103.03	138.82	100.00	104.38
World Ex. Sc. Af. (2385)	113.84	-0.3	92.66	101.02	2.52	114.15	93.61	101.76	139,47	100.00	104.47
World Ex. Japan (1989)	101.84	+0.0	82.89	95.25	3.80	101.82	83.49	95.50	134.22	92.98	205.78
The World Index (2446)	113.96	-03	92.76	100.98	2.54	114.30	93.73	101.73	139.73	100.00	104.51

nes: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterfing) and 94.94 (Local). L. The Floracial Times, Goldman, Sacio & Co., Wood Mackengie & Co. Ltd. 1987